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# **Daily Report—**

## **East Asia**

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# Daily Report

## East Asia

FBIS-EAS-94-048

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11 March 1994

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**Further on Conference for Cambodian Reconstruction**

**Minister Requests Mine-Clearing Aid**  
*OW1103032494 Tokyo KYODO in English 0116 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Cambodia's mine-clearing authority made an appeal Friday [11 March] for millions of dollars in funding from international donors gathered at a meeting on Cambodian reconstruction.

Ieng Muli, minister of information and chairman of the Cambodian Mine Action Center, said the governmental agency requires 10 million dollars this year and next to finance its humanitarian programs, which include a land-mine awareness campaign, minefield marking, mine clearance and training of mine-removal experts.

Speaking on the closing day of a two-day meeting of the International Committee on the Reconstruction of Cambodia, he said the funds are urgently needed to free land for the resettlement of refugees and displaced persons and for cultivation. The proposed budget would allow the center to clear 4,000 hectares of land per year with its existing 40 platoons of mine removers totaling 2,400 personnel, most of whom have been trained by overseas engineers.

Ieng Muli said an additional 12 million dollars would be needed in the next two years for even wider-scale mine clearance to allow for construction of infrastructure and other development projects to take place.

"Mines are one of the most serious obstacles to Cambodia's growth and prosperity," he explained.

It is estimated that between eight million and 10 million land mines have been indiscriminately laid in Cambodia, especially in the western part of the country.

The mines kill or maim some 300 Cambodians every month, with the result that the country now has over 40,000 amputees. The proportion of these amputees to the population is the highest in the world—one for every 236 persons. Vast tracts of once-productive agricultural land are now unusable because of mines.

Ieng Muli said that so far the center has identified 1,787 minefields covering an area of 3,231 million square meters. Only 7.28 million square meters of this has been cleared of mines since the agency was set up under the United Nations Transitional Authority in Cambodia.

Ieng Muli said that in five to eight years "the mine problem will be controlled and Cambodians can carry out their daily functions free from the threat of mines." But he added that it will take at least two decades to tackle all the facets of the problem.

**Ranariddh Warns Khmer Rouge**

*OW1103121894 Tokyo KYODO in English 1125 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Cambodian First Prime Minister Norodom Ranariddh on Friday [11 March] warned the Khmer Rouge guerrilla group to accept a cease-fire as called for by King Norodom Sihanouk or risk missing "the last train" to a peaceful settlement.

"The last train will definitely leave and if they don't want to join it..." Ranariddh told reporters at the Japan National Press Club.

The Cambodian leader said the royal government, whose forces are reportedly readying an assault on the Khmer Rouge's main base at Pailin, "strongly supports" King Sihanouk's cease-fire appeal recently conveyed to both government and Khmer Rouge forces.

"We agree to proclaim such a cease-fire," he said, with Co-Premier Hun Sen at his side. "The ball is now in the Khmer Rouge camp."

The king, who is undergoing medical treatment for cancer in Beijing, called March 7 for an "immediate ceasefire on all fronts," as continued internecine warfare would spell "the death of Cambodia and our race."

Ranariddh said the government wants to "leave the door open...to those moderate elements of the Khmer Rouge to join the national community."

Khmer Rouge radio on March 7 reportedly broadcast that Khmer Rouge President Khieu Samphan had sent Sihanouk a letter on March 5 in which he said the guerrilla group would fully agree to a cease-fire on the basis of a proposal put forward by the king on November 21.

In the proposal, which would require an amendment of the Cambodian Constitution, the monarch suggested the Khmer Rouge be given a role in the government if they turn over territories under their control and integrate their guerrilla army into the nation's unified armed forces. But Ranariddh said the Khmer Rouge has not responded to the government call for a ceasefire some months back.

He said the Khmer Rouge no longer constitute a "military threat" to the government, but merely a source of insecurity.

"I think that the Khmer Rouge can definitely not any more prevent Cambodia from going forward," he said.

The guerrilla group, which ruled Cambodia from 1975 to 1978, still controls an estimated 15 to 20 percent of the country's territory.

Ranariddh, who was visiting Japan to attend an international conference on Cambodian reconstruction, said

that providing an improved standard of living for the populace will deprive the Khmer Rouge of its support base.

"To fight and to win over the Khmer Rouge in a lasting manner, we do not need only arms and weapons. We need more than that—the development of the country," he said.

### **Donors Pledge Over \$700 Million**

*OW1103044294 Tokyo KYODO in English 0358 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Donor countries and international organizations concluded two days of talks on the reconstruction of Cambodia on Friday [11 March], having pledged over 700 million dollars in new aid for the next two years. Delegates said the donors pledged a total of 486 million dollars of aid projects and programs for this year and half that amount for 1995.

The meeting of the International Committee on the Reconstruction of Cambodia [ICORC], chaired by Japan, was attended by delegates from 32 countries, the European Union and 12 international organizations.

One senior Japanese Foreign Ministry source said the amount pledged was more than expected, particularly in light of the so-called "aid fatigue" believed to have set in among many donor nations.

"Tokyo seems to be a lucky place for Cambodia," said another senior Japanese official, referring to the last such meeting here in 1992 when participants pledged 880 million dollars. The pledges came in answer to a call from ailing Cambodian King Norodom Sihanouk, read out at the meeting on his behalf, for a modern-day "Marshall Plan" to help the war-ravaged country back on its feet.

Many, if not most, of the delegations participating in the two-day meeting pledged fresh funds toward the roughly projected 200 million dollars that Cambodia will require over the coming year.

Japanese parliamentary Vice Foreign Minister Syozo Azuma pledged on Tokyo's behalf the equivalent of 87.7 million dollars in grant aid for the coming year, while U.S. Secretary of State Warren Christopher announced 73 million dollars in new U.S. assistance to Cambodia over a two-year period.

Among international financial institutions, the Asian Development Bank (ADB) announced it will provide Cambodia with some 129 million dollars in loan assistance for 1994-97, as well as technical assistance of some 28 million dollars for the same period. The World Bank said it is planning to offer Cambodia roughly 75 million dollars in reconstruction assistance in the coming fiscal year.

The first ICORC meeting, held at a working-level in Paris last September, saw 119 million dollars in fresh

commitments added to the 880 million dollars pledged at a previous ministerial conference on Cambodia held in Tokyo in June 1992. While most of those funds were for short-term financial support, the present ICORC meeting is focused on Cambodia's mid- to long-term aid requirements.

At the outset of the meeting, Cambodian First Prime Minister Norodom Ranariddh conveyed an appeal from his father Sihanouk, who has been undergoing medical treatment in Beijing.

"The gift of which my country has the greatest need, having suffered from so many years of turpitude and devastation, is none other than a new unconditional Marshall Plan gauged to specific needs," Sihanouk said in the message. Sihanouk's reference was to a multibillion-dollar plan drawn up by late U.S. Secretary of State George Marshall in the late 1940s to rehabilitate the shattered economies of post-World War II European nations.

Japan was the largest donor at the conference, followed by the U.S. and France, Foreign Ministry officials said.

Of the 15.77 million dollars committed to the Cambodia Mine Action Center, the U.S. was the largest contributor, followed by Japan and Australia, they said.

During the meeting, Cambodia explained its economic and development policies. Cambodia's shift toward a market-oriented economy seems to be progressing steadily, the officials said. International organizations such as the World Bank and the International Monetary Fund (IMF) positively evaluated Cambodia's reconstruction efforts, they said.

The participants of the conference also agreed to hold the third ICORC meeting next year in Paris as scheduled, but timing of the conference has not yet been set, the officials said. The Cambodian delegation also expressed its intention during the conference to join the Yokohama-based International Tropical Timber Organization (ITTO), the officials said. The ITTO consists of 23 timber producing countries such as Brazil, Colombia and Peru, and 26 consumer countries such as Australia, Japan, Canada, China and the U.S.

### **Conference Issues Press Release**

*OW1103075294 Tokyo KYODO in English 0658 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—The following is the full text of a press release issued Friday [11 March] after the conclusion of the two-day meeting of the International Committee on the Reconstruction of Cambodia:

The representatives of Australia, the Republic of Austria, the Kingdom of Belgium, Brunei Darussalam, Canada, the Kingdom of Cambodia, the People's Republic of China, the Kingdom of Denmark, the Republic of Finland, the Republic of France, the Federal Republic of Germany, India, the Republic of Indonesia,

the Republic of Ireland, the Republic of Italy, Japan, the Republic of Korea, the Lao People's Democratic Republic, Malaysia, the Netherlands, New Zealand, the Kingdom of Norway, the Republic of the Philippines, the Russian Federation, the Republic of Singapore, Spain, the Kingdom of Sweden, the Swiss Confederation, the Kingdom of Thailand, the United Kingdom of Great Britain and Northern Ireland, the United States of America, the Socialist Republic of Vietnam, the European Commission, the United Nations, the United Nations Development Program (UNDP), the United Nations International Children's Fund (UNICEF), the World Food Program (WFP), the United Nations High Commissioner for Refugees (UNHCR), the International Labor Organization (ILO), the Food and Agricultural Organization (FAO), the United Nations Educational, Scientific, and Cultural Organization (UNESCO), the World Health Organization (WHO), the World Bank, the International Monetary Fund (IMF), the Asian Development Bank (ADB), the Mekong Secretariat met in Tokyo on 10 and 11 March 1994 at the second meeting of the International Committee on the Reconstruction of Cambodia chaired and hosted by the Government of Japan.

Special messages from His Majesty the King of Cambodia and the Secretary General of the United Nations were addressed to the meeting.

### I. Situation in Cambodia

1. The participants welcomed the establishment of the Royal Government of Cambodia in accordance with the Constitution adopted by the Constituent Assembly, whose members were chosen through the elections of May 1993, all in strict conformity with the agreements on a comprehensive political settlement of the Cambodia conflict. They paid high and respective tribute to His Majesty Norodom Sihanouk, king of Cambodia, for his eminent leadership in successfully completing the peace process. They expressed their most sincere wishes for his rapid recovery and his return to his people as soon as possible.

2. The participants unanimously expressed their full support to the only legitimate government of Cambodia and to its two prime ministers, His Royal Highness Prince Norodom Ranariddh and his Excellency Mr. Hun Sen, in their joint efforts for national reconciliation and peace in Cambodia. They expressed their hope that through these efforts Cambodia will fully recover its stability, prosperity and security throughout its territory.

### II. Necessity for Enhanced International Assistance

3. The participants paid respectful attention to His Majesty the King's message addressed to the meeting and fully took note of the priority sectors and activities mentioned in his message.

4. The participants shared the view that the reconstruction of the devastated national economy is the chief and indispensable component for achieving peace, stability

and national reconstruction, and thus, constitutes an integral part of the implementation of the Paris peace accords. The international community which has fully committed itself to the peace process should strengthen its assistance to the reconstruction of Cambodia in order to consolidate the fruits of the peace process.

5. The participants welcomed the reports by the Cambodian delegation and the international organizations on the progress in Cambodia's economic reform policy. They particularly took note of the further progress in transition to market economy and trade liberalization as well as the enhanced tax revenue and the reduction of monetary financing of the budget which resulted in improved macroeconomic stability, namely reduced inflation rates and stable exchange rates. They shared the view that such determined and substantial adjustment efforts should continue and deserve strengthened international assistance.

6. The main source of Cambodia's medium-term economic growth and reduction of poverty resides in the agricultural sector. Particular emphasis should be put on the development of this sector as well as on the improvement of the infrastructure, especially the transport and water infrastructure, which will create a greater capacity for economic growth. This will also enable the benefits of growth to spread throughout the country.

In this connection, with a view to promoting the development of human resources, the participants stressed the need to formulate long-term policies for sustainable development of the basic social sectors, giving priority to health and education, while at the same time meeting the most pressing requirements. They concurred that well-targeted and well-coordinated international assistance, taking fully into account these priorities, and implemented with the participation of the beneficiaries, is called for.

The participants stressed the vulnerable position of women in their double roles as mothers and income-providers and that these double roles have to be taken into account both in formulating development strategies and in the implementation of projects.

7. In this respect, the participants recognized that capacity building involving equal attention to the contributions of women is of crucial importance in achieving market-oriented reforms, in pursuing the goal of reconstruction in a coordinated manner and in effectively absorbing international aid. In this regard, they commended the continuing efforts of the ADB and the UNDP in the implementation, in close association with the IMF, of the technical assistance for strengthening marco-economic management. They reaffirmed that this is an area requiring full and sustained international assistance, particularly technical assistance.

8. The participants noted with satisfaction the joint statement by the UN resident coordinator on behalf of all UN agencies resident in Cambodia as it demonstrates

the increasingly coordinated approach adopted by these agencies in support of Cambodia's reconstruction and development efforts.

### III. Financial Requirements of Cambodia

9. The participants highly appreciated the government's efforts for preparing its strategy document entitled "The National Program To Rehabilitate and Develop Cambodia."

10. The participants commended the World Bank for its intensive efforts to harmonize its economic work with the need for support to ICORC, in particular by preparing a comprehensive report on the economic situation in Cambodia describing priority projects and programs in all the sectors of Cambodia's development and reconstruction, and by assisting the chair in compiling pledges made by the participants.

11. The donors expressed their full and clear support to the ambitious economic and social development and reform program elaborated by the Cambodian authorities and pledged a total amount of approximately 486 million U.S. dollars of aid projects and programs for 1994.

12. The participants welcomed the progress in the discussions between the IMF and the Cambodian Government on a policy framework paper leading to a loan program under an ESAF [Enhanced Structural Adjustment Facility] arrangement of approximately 120 million dollars over 1994-1996. They also welcomed the intention of the World Bank to extend a new structural adjustment lending of approximately 60 million dollars provided that an agreement is reached on the medium-term reform policy. They also noted the ADB's operational program which envisages a lending level for the medium-term (1994-1997) amounting to about 266 million dollars.

### IV. Specific Issues

13. The participants acknowledged that mines are one of the serious obstacles to the reconstruction efforts of Cambodia. They recognized the urgency of demining to free land for the resettlement of refugees for the expansion of agriculture and for the reduction of mine casualties. They acknowledged that the Cambodian Mine Action Center (CMAC) continued to need international assistance and support through funding and/or provision of experts. They strongly condemned any laying of new mines.

Based on this recognition, an amount of 5.4 million dollars had already been deposited in the UNDP Trust Fund. New pledges of approximately 15 million dollars have been announced as assistance to CMAC through various channels including the UNDP Trust Fund or

NGO [nongovernmental organization] projects. In addition the UNDP is financing a capacity building program from its own resources amounting to 800,000 dollars. Some countries announced plans to dispatch experts. It is expected that a total of 30 technical advisers will be in the field.

14. The participants shared the view that the international community, in the spirit of Rio declaration and acting in conformity with the recent International Action Plans and Agreements on the Environment, including Agenda 21 and Framework Convention on Climate Change, should cooperate and strengthen aspects of environment protection in their assistance program. They welcomed the first participation of Cambodia in the Ninth Session of International Negotiating Committee for a Framework Convention on Climate Change in February.

They encouraged the Mekong Secretariat and other bilateral and multilateral agencies to continue and enhance their present efforts in the environmental sector. Particular attention should be paid to the conservation of the water, flora and fauna of the Tonle-Sap Lake and its surroundings as well as to the proper management of the tropical forests in Cambodia. In this regard they welcomed the intention of the Government of Cambodia to become a member of the International Tropical Timber Organization (ITTO).

15. The participants welcomed the appointment of a special representative of the secretary general of the United Nations pursuant to Resolution 1993/6 of the Commission of Human Rights. They shared the view that the establishment of the Cambodia field office of the United Nations Human Rights Center, with the agreement of the Cambodian Government, was important, in the present juncture, and that it should be properly funded in order to enhance respect for human rights as well as for the rule of law.

16. The participants congratulated the NGO's, both foreign and Cambodian, on their important role in the development of Cambodia in the past and expressed the hope that this would continue and expand in the future.

### V. Next meeting

17. The participants agreed that the next ICORC meeting will be held in Paris, hosted by France next year.

The participants underlined the importance of ICORC as a gathering to give political impetus to the international assistance to Cambodia.

The participants also urged the World Bank to bring, in connection with the other international agencies, a strong technical support to reinforce the effectiveness of the international assistance, having in mind the constitution, in due course, of a consultative group.

**Article Previews Jul ASEAN Regional Forum**  
*BK1103032094 Bangkok THE NATION in English*  
*11 Mar 94 p A9*

[Article by Kunlachada Chaiphiphat: "The ARF dilemma: Success or substance?"]

[Text] If the lifting of the US embargo on Vietnam was the first big regional event in the Year of the Dog, the inaugural Asean Regional Forum [ARF] in July promises to be another spectacular.

As expectations mount and eyes begin to turn to Bangkok, Asean officials are fretting over how to ensure the forum is a success when it brings together at least eighteen ministers from Asean, its seven dialogue partners and three observer countries.

Drawing from their experiences with the Asean Free Trade Area, which was launched with much ceremony and high expectations in 1992 only to run out of steam later, Asean officials are setting deliberately low targets for the opening round of the ARF.

At the heart of debate is what form the security dialogue should take, whether to allow off-the-cuff discussions to enable the attending ministers to develop a rapport or to prepare a pre-arranged forum to ensure its smoothness.

Many security experts believe the forum will build its own momentum given the unprecedented gathering of foreign ministers from regional powers like Japan, permanent members of the UN Security Council, and from states with conflicting territorial claims such as Vietnam, China, Brunei, Malaysia and Philippines.

There were some concerns expressed by the admission of countries like China, Vietnam, Laos and Papua New Guinea because they are new to regional security talks. Unlike Asean which has a relatively long history of practising collective conflict resolution such as in the case of Cambodia, these other nations have traditionally discussed or solved their security concerns on a bilateral basis.

"There should be some basis for them to start with," said one official involved with the preparations for the meeting. "The most difficult thing is to make them feel easy to talk," he said.

Those officials who support a freewheeling discussion argue that in order to set up an atmosphere of cordiality and mutual confidence, the ministers attending the forum should be left to decide and agree which model of dialogue to adopt and which topics to discuss at the meeting.

"They can talk about anything from weather to health, any topic that will enable them to achieve consensus. The fact that they meet is significant and that they will meet again is a plus for Asean," said the official.

Ambassador Tommy Koh, director of Singapore's International Policies Study Institute, a government's security think-tank, said recently that such a security institution should start with something not too difficult but not too easy.

"The ARF is new. It would be foolish to take up difficult, contentious issues that might sink it. But on the other hand it must not chicken out," he said.

"We must prudently take on easy issues and later consolidate them through the gradual gaining of self-confidence and mutual trust," the former ambassador to the United Nations said.

In order to make the forum germane is another challenge. To make it relevant the forum should take up issues of regional interest and non-regional members' interests. But Koh said it is the Asean way to take one step at one time. "We don't have in mind how it is going to be. Let's see first how it starts," he said.

The 27-year-old grouping has existed as a successful forum for political cohesiveness despite its 1967 founding goal as a regional economic grouping.

For Thailand, the host of this year's Asean meetings and the ARF, the dilemma is similar: Which is worse? To be too daring or too cautious.

There is a risk of sinking the forum if discussants are allowed to air what they want to say, which over time incites antagonism rather than fostering mutual confidence, a necessary precursor to the formalization of a security mechanism.

There were some concerns that picking a topic like the Spratly Islands which are claimed by China, Vietnam, the Philippines, Brunei and Malaysia will be tantamount to looking for trouble even though the issue is well worth discussing in the context of regional dialogue and in attracting the regional powers' attention.

**Japan****Text of Joint Announcement by Security Committee**

*OW1103020794 Tokyo KYODO in English 0146 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—The following is the full text of a joint announcement by the U.S.-Japan Security Consultative Committee on Friday [11 March]:

1. The governments of the United States and Japan held their first security consultative committee meeting under the new format in Tokyo on March 11, 1994. Representing the United States were Secretary of State Warren Christopher and Undersecretary of Defense Frank G. Wisner. Representing Japan were Deputy Prime Minister and Minister for Foreign Affairs Tsutomu Hata and Director General of the Defense Agency Kazuo Aichi.
2. The two sides affirmed that the U.S.-Japan alliance has grown stronger and has increased in importance in the post-Cold War period. The treaty of mutual cooperation and security between Japan and the United States of America, the basis of the bilateral security relationship for almost 35 years, remains vital to the maintenance of peace and stability in the Asia-Pacific region.

The two sides noted that the security treaty also constitutes the foundation of our political partnership, which is pivotal to peace and stability in the world.

The vigorous partnership between the United States and Japan, based on strong bilateral security ties, is also an essential element of an emerging Pacific community.

3. The United States reiterated its commitment to maintaining a strong, forward-deployed military presence in Japan and the Asia-Pacific region. The U.S. also expressed appreciation for Japan's high-level host nation support, for the provision of facilities and areas for use by U.S. forces in Japan, and for the hospitality of host communities. These are valuable contributions to the effective forward deployment of U.S. forces and thereby to our mutual security. The two sides confirmed the importance of Japan continuing such host nation support, and agreed to start consultations on this in the coming months, taking into consideration that the current special measures agreement is to expire at the end of March 1996.

The continued harmonious use of facilities and areas by U.S. forces in Japan is indispensable to deterrence and the readiness of U.S. forces in Japan. At the same time, the understanding and cooperation of host communities are essential to the smooth and effective operation of the security treaty. Both sides are determined to continue their cooperation on issues related to facilities and areas provided to U.S. forces. In this context, the two sides pledged to continue their efforts for consolidation and

realignment of facilities and areas, particularly in Okinawa, consistent with the purposes of the security treaty and U.S. operational requirements.

4. The two sides stressed the importance of interoperability and complementary defense cooperation. They also noted that cooperation in acquisition and defense technology exchange has contributed to the effective operation of the security arrangements and enhancement of mutual security. In this connection, the two sides stressed the importance of expanding the two-way flow of defense technology.
5. The stability of the Korean peninsula is of vital interest to both the United States and Japan. The two countries have worked closely together on the North Korean nuclear issue. The two sides reaffirmed that a diplomatic solution is the best means of resolving the issue. They insist on North Korea's full compliance with all of its international commitments, including the Non-proliferation Treaty.

The two sides endorsed efforts to enhance regional political and security dialogues and welcomed the convening of the ASEAN regional forum. They noted the need to increase the transparency of defense plans and expenditures among the nations of the Asia-Pacific region in order to enhance their shared sense of security.

6. The two sides emphasized that the proliferation of weapons of mass destruction and missiles poses a serious challenge to our mutual security and that it is important to counter such threats. The United States and Japan continue to discuss theater missile defense in bilateral security consultations.

**Security Ties Resolve Renewed**

*OW1103045594 Tokyo KYODO in English 0440 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Japan and the United States renewed their resolve at a top-level security meeting Friday [11 March] to maintain close defense relations in the post-Cold War era.

They reaffirmed the growing importance of the Japan-U.S. alliance in the meeting that temporarily set aside their continuing disputes on trade.

In the first bilateral "two-plus-two" meeting of foreign and defense ministers, held at Prime Minister Morihiro Hosokawa's official residence, they affirmed that the alliance "has grown stronger and has increased in importance in the post-Cold War period," a joint statement by the bilateral security consultative committee said.

Foreign Minister Tsutomu Hata and Defense Agency chief Kazuo Aichi represented Japan and the U.S. side was headed by Secretary of State Warren Christopher, along with Undersecretary of Defense Frank Wisner on behalf of new Defense Secretary William Perry.

Hata said there was "frank" discussion of security issues in the post-Cold War era in a good atmosphere and the two sides agreed to hold such meetings regularly in the future.

Japanese and U.S. participants shared the view that the meeting was "meaningful," according to Foreign Ministry officials.

Tokyo and Washington originally agreed on the ministerial "two-plus-two" security meeting in December 1990, but had been unable to hold it before now due to the difficulty of getting all four ministers together.

Christopher told the meeting that relations with Japan are especially important in Washington's Asia policy, saying bilateral security ties are important for the peace and stability of the Asia-Pacific region.

The two countries should not forget the importance of the bilateral security arrangements, officials quoted him as saying.

The U.S. reiterated its commitment to maintaining a strong military presence in Japan and the Asia-Pacific region and thanked Japan for its host nation support and providing facilities.

The two sides agreed to start consultations on continuation of an agreement on host-nation support, due to expire in two years.

Wisner said the U.S. is studying issues involving strategic nuclear weapons and may make an interim report as early as this summer. Washington will also make clear its position on the U.S. presence in Asia within a few months, he said.

Regarding U.S. forces stationed in Japan, both sides pledged to continue efforts to consolidate and realign facilities and areas, particularly in Okinawa, consistent with the purposes of the Japan-U.S. Security Treaty and U.S. operation requirements.

They also agreed on the importance of boosting exchanges of defense technology.

The security talks coincided with the arrival of the 91,487-ton U.S. nuclear aircraft carrier Carl Vinson at the U.S. Naval Base at Yokosuka in Kanagawa Prefecture, just south of Tokyo.

On international affairs, they reaffirmed that a diplomatic solution is the best way of resolving the issue of North Korea's suspected nuclear weapons development program, the officials said.

Christopher said that if there is progress in diplomatic efforts such as dialogues between Pyongyang and the International Atomic Energy Agency (IAEA) and with South Korea, there could be a resumption of talks between the U.S. and North Korea on March 21.

He called for close consultations among the U.S., Japan, South Korea and China, in case such diplomatic efforts fail and the problem is brought to the United Nations Security Council, they said.

Hata replied that in such a case Japan would take responsible actions while keeping close contacts with Washington and Seoul.

Aichi echoed Hosokawa's remarks in the Diet that Japan will take responsible actions within the constitution.

The two sides also endorsed efforts to enhance regional political and security dialogues and welcomed the convening of the Association of Southeast Asian Nations (ASEAN) regional forum.

#### **Hosokawa on Stronger Personal Ties With Clinton**

*OW1103124594 Tokyo KYODO in English 1231 GMT 11 Mar 94*

[Text] Tokyo, March 11 KYODO—Prime Minister Morihiro Hosokawa on Friday boasted of his strengthened personal relations with U.S. President Bill Clinton despite the collapse of bilateral trade negotiations a month ago.

"I am not on bad terms with Mr. Clinton," a Foreign Ministry official quoted Hosokawa as saying in an interview with THE NEW YORK TIMES, which will be published in the spring issue of THE NEW YORK TIMES MAGAZINE.

"On the contrary, we are getting closer and closer," the prime minister reportedly said. "I really feel that way when I talk with Mr. Clinton."

The United States has been turning up the heat on Japan after Hosokawa and Clinton failed to strike a deal in a February summit in Washington on the penetration of more foreign goods into Japanese markets.

Hosokawa told the U.S. newspaper that the restructuring of the economy will be the top priority for the nation, the official said in a briefing to reporters.

Hosokawa, asked to comment on whether Japan is really changing, reportedly said the nation's political and cultural structures have yet to be mature enough but that signs of change are surely emerging.

#### **Christopher Chides Tokyo on Trade, Urges Action**

*OW1103032594 Tokyo KYODO in English 0306 GMT 11 Mar 94*

[Text] Tokyo, March 11 KYODO—U.S. Secretary of State Warren Christopher again chided Japan on trade issues Friday [11 March], calling for prompt action to open its markets and cut its trade surplus.

"Our objectives are simple—to open markets and to promote global economic growth," he told Japanese

business leaders. "To advance these objectives, Japan needs to take credible actions, and to take them now."

As in comments the day before, Christopher laced a speech to the Japan Association of Corporate Executives with criticism of Japan for failing to keep its trade commitments, as well as optimism that both sides will meet "our responsibility to change."

In prepared remarks, he described Prime Minister Morihiro Hosokawa and President Bill Clinton's decision "not to paper over our differences" when bilateral trade "framework" talks collapsed February 11 as a "welcome sign of new candor."

But, Christopher said, "agreeing to disagree is not good enough. Acknowledging economic differences must be a starting point for finally resolving them."

He said last month's 15 trillion yen economic stimulus measures "are insufficient to produce sustained, demand-led growth," which Washington demands to help curb Japan's huge trade surplus.

"Japan has been unwilling to reach agreements on specific steps to open markets in the priority sectors of insurance, government procurement and autos and auto parts," Christopher said.

Despite agreeing last July to use "objective criteria" to gauge the opening of its markets, "Japan has declined to provide realistic ways to measure progress to ensure that any such agreements are working," Christopher charged.

#### Tax Reform 'Should Not Be' Trade Measure

*OWI103025094 Tokyo KYODO in English 0222 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Tax reform should not be made as an immediate and permanent measure simply to address the Japan-U.S. trade dispute, Finance Minister Hirohisa Fujii indicated Friday [11 March].

The government and the ruling coalition parties are to decide on a "full-fledged" tax reform by the year-end while mindful of the effects of already-decided income tax cuts worth some 6 trillion yen for fiscal 1994, starting April 1, Fujii told a regular news conference after a morning cabinet meeting.

"That's how it should be done," Fujii said, rejecting calls for an immediate decision on a permanent income tax cut as a measure to boost domestic demand to help reduce Japan's trade imbalance.

In a press meeting in Tokyo on Thursday, U.S. Secretary of State Warren Christopher said keeping tax cuts to a single year is not enough to stimulate the economy.

Fujii has been stressing that Japan will decide by the year-end on permanent tax reform with a "balanced system in income, assets, and consumption" to cope with the aging society.

Asked about views being expressed within the ruling coalition about the need to show some direction in the tax plan together with a "voluntary" market-access package to be decided by the end of the month, Fujii said, "that's the coalition parties' problem."

On the market-access package, Fujii said, "I haven't heard of any clear talks" of compiling it in two stages—this month and before the summit of the Group of Seven major nations in Italy in July.

"But realistically speaking," he said, "I think it will come that way, although I will have to say no to any reference as a two-stage plan."

The package will be decided by the end of the month, but details, including those in priority fields, will be discussed later, Fujii said.

Christopher, at a news conference after meeting Prime Minister Morihiro Hosokawa and Foreign Minister Tsumoto Hata, said Thursday that the United States would assess the possibility of reviving the trade framework talks after reviewing the package.

Meanwhile, Fujii said he has no plan yet to ask for a bilateral meeting with U.S. Treasury Secretary Lloyd Bentsen when finance ministers of the Asia-Pacific Economic Cooperation forum meet in Hawaii on March 18 to 19.

#### Kuriyama, Bowman Cutter Debate Trade Issues

*OWI103023994 Tokyo KYODO in English 0226 GMT  
11 Mar 94*

[Text] Washington, March 10 KYODO—A top aide to President Bill Clinton and Japanese Ambassador to the U.S. Takakazu Kuriyama agreed Thursday [10 March] that the breakdown of trade talks between the two countries won't start a trade war but offered few clues on how to restore economic peace.

The two men, confronting each other at an open debate on trade policy, warned that troubled bilateral ties could even get worse before it gets better.

"A failure to resolve these issues will result in a U.S.-Japan economic relationship that continues to erode," said Bowman Cutter, deputy presidential assistant for economic policy.

The Economic Strategy Institute, a Washington-based think tank, brought Cutter and Kuriyama together for the first public encounter of senior Japanese and U.S. officials since the collapse of bilateral trade talks a month ago.

The breakdown of the so-called "framework" trade negotiations, which marred the February 11 summit between President Bill Clinton and Prime Minister Morihiro Hosokawa, has prompted Washington to threaten unilateral trade action against Tokyo.

Kuriyama said Japan hopes to return to the negotiating table as early as possible but admitted that he has "no idea" on how to resolve the impasse.

Cutter offered no fresh initiative either, saying "It is now up to the Government of Japan to begin to indicate a direction."

The two men, however, stressed there are no grounds to expect a trade war between the two allies.

"There's not a trade war and neither side will intend to have a trade war," Cutter said.

Kuriyama readily agreed. "We have too much at stake together. We will both be losers," the envoy said.

But the two officials also agreed there is very little trust between two allies when it comes to Japan's commitment to open up its markets and close its huge trade surplus.

The Clinton administration, arguing that few of the past 30 or so trade accords have yielded expected results, has demanded that Tokyo set "numerical indicators" by which the U.S. will determine the success or failure of a Japanese commitment.

Tokyo has rejected the U.S. demand which, as Kuriyama reiterated Thursday, is likely to turn into a "legally binding commitment and therefore subject to sanctions."

Cutter, recalling the predawn session of negotiation that sealed the fate of the trade framework talks in February, quoted Japanese Deputy Foreign Minister Koichiro Matsuura, the chief Japanese negotiator, as saying, "You don't trust us without numbers. We don't trust you with numbers."

The sense of distrust on trade matters between two allies drew demands for tougher U.S. trade actions from U.S. legislators who took part in the two-day trade forum.

House Majority Leader Richard Gephardt, who spoke at one session of the trade conference Thursday, said, "A gentle, gradual negotiating process may work with most other countries. But time has taught us that it doesn't work with Japan."

Speaking at a later session Thursday, Sen. Max Baucus, chairman of the Senate finance subcommittee that handles trade matters, said tougher action—even sanctions—is justified because, in his view, Japan resists change without outside pressure.

"We will require a policy which understands the unique nature of the Japanese economy. We will need the credibility that only the prospect of sanctions can offer," the Montana Democrat said.

### Minister Says Deal Near on Cellular Phones

OW1103024594 Tokyo KYODO in English 0233 GMT  
11 Mar 94

[Text] Tokyo, March 11 KYODO—Japan and the United States could settle their dispute over cellular telephones as early as Friday [11 March] with a business deal that would avert U.S. sanctions against Japanese goods, a Japanese Government minister said.

Posts and Telecommunications Minister Takenori Kanazaki told a news conference that the two firms involved, Nippon Idou Tsushin Corp. (IDO) and Motorola Inc., are putting the final touches to their deal.

"It's possible a formal agreement will be reached today," he said.

The administration of President Bill Clinton has threatened to impose trade sanctions against Japan if Tokyo does not open its market to U.S. companies.

Kanazaki said it would not take long for the Japanese and U.S. governments to strike a deal to end their dispute over cellular phones if the private companies reached agreement.

In the dispute, Washington complains Japan has not abided by a 1989 agreement in which it promised to provide "comparable" market access to its cellular phone market.

Motorola insists it should be given more cellular phone relay stations and channels in Japan.

### Complaint Against U.S. Phone Operators Rejected

OW1103101994 Tokyo KYODO in English 0953 GMT  
11 Mar 94

[Text] Tokyo, March 11 KYODO—Japan's Posts and Telecommunications Ministry has rejected a petition filed by Japanese international telephone operators against discount-rate services offered in Japan by U.S.-affiliated firms, an industry official said Friday [11 March]. "The ministry saw no problems under the current telecom rules after investigations based on the complaint, virtually dismissing it," the official told KYODO NEWS SERVICE.

The information was offered by "reliable government sources," said Toshio Kawakami, president of USF Pacific Inc., a Tokyo-based agent for us Fibercom Network Inc. in New York.

Three Japanese common carriers led by KDD, a former international phone monopoly, lodged the petition in January, requesting the ministry conduct a probe into the "call-back" discount services which they claimed use their lines unfairly, free of charge.

A KDD spokesman said his company has not heard of the decision from the ministry, and noted that the complaint filed in January did not involve any requests for concrete measures.

"Its nature was to explain the problems and not something that the ministry would reject."

The other Japanese concerns involved in the petition were International Digital Communications Inc. and International Telecom Japan Inc.

Under the call-back system, users call a switching center in the United States and hang up after two rings. After a few seconds, the center calls back and the users dial the actual number they want to call, the country of "origin" of the call now being the United States, where rates are lower.

Stressing that the services are not illegal, either domestically or internationally, Kawakami said, "imposing restrictions was from the outset impossible because the Telecommunications Law would have to be revised to do so."

He added that the ministry would not want to create new regulations now that Japan is pushing ahead with deregulation to allow better access by foreign firms, in an attempt to address trade disputes with the U.S.

After the complaint was filed, USF Pacific and some other Japanese agents of U.S. discount operators issued a statement in January, saying they were ready to talk if the Japanese operators offered a "reasonable" line-usage charge.

They also warned that they were prepared to file a counter petition with the U.S. Government if their services were blocked.

The KDD spokesman said the discount service is becoming an international problem, and "we just wanted the ministry to recognize this."

He noted, "We also want to solve the problem through talks, and if they fail, actual actions will be taken such as filing a petition with the ministry to allow changing our rules stipulated in contracts with users."

There still are no plans to start talks with the discount service operators, the spokesman said, adding that KDD is now consulting with U.S. common carriers including American Telephone and Telegraph Co.

#### **MITI on Auto Parts Purchase Expectations**

OW1103035494 Tokyo KYODO in English 0337 GMT  
11 Mar 94

[Text] Tokyo, March 11 KYODO—The government expects Japanese automakers to map out their own plans to boost purchases of U.S. auto parts by the end of March, International Trade and Industry Minister Hiroshi Kumagai said Friday [11 March].

"If nothing is done, U.S. sanctions will come one day suddenly. I believe private companies understand this well," Kumagai told a press conference.

The U.S. Government has warned that it may impose sanctions against Japan if Tokyo does not open its markets, including those for autos and auto parts. Prime Minister Morihiro Hosokawa is trying to hammer out a package of voluntary measures to boost imports by the end of March with the aim of thwarting possible U.S. sanctions.

#### **French Minister Longuet Comments on Trade Issue**

##### **Sees Mediating Role for EU**

BR1103130094 Paris LES ECHOS in French  
11 Mar 94 p 2

[Report by Catherine Chatignoux and Nicolas Barre in Tokyo: "Gerard Longuet Envisages Mediating Role for Europe; United States Will Judge Japan by Its Economic Openness Proposals"]

[Excerpt] [passage omitted] On an official visit in Tokyo, where he met yesterday with Morihiro Hosokawa, French Industry and Foreign Trade Minister Gerard Longuet has protested against the United States' reinstatement of the Super 301 provision. The message from the French minister to his interlocutor was very clear: France says "No" to any unilateral trade measure of this type. The minister also expressed his concern to obtain fairer treatment in European-Japanese trade relations. After the reinstatement of the Super 301, Toyota declared that it was ready to import U.S. spare parts worth \$6 billion, a prospect which worries the French minister. Yesterday, he expressed this worry to French car component manufacturers operating in Japan, and today he is going to raise this issue with Toyota President Tatsuro Toyoda. "I fully agree that Japanese manufacturers buy products in the United States, but this should not be done to the detriment of others," he stressed.

In this respect, Gerard Longuet announced the organization, this year in Paris, of a seminar involving Japanese purchasers and French car component manufacturers. He also let it be known that, in the current dispute between the United States and Japan, Europe could play a "mediating role." Yesterday in Brussels, Leon Brittan proposed the creation of a trilateral body involving Europe, the United States, and Japan which would establish macroeconomic targets for the Japanese with a view to pressing them to reform their economy, rather than imposing targets expressed in exact figures for each sector, as the Americans do. For the first time, Mickey Kantor found the idea interesting.

**Hopes Tokyo 'Will Not Yield' to U.S.**

*OW1103112894 Tokyo KYODO in English 1019 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—French Trade and Industry Minister Gerard Longuet on Friday [11 March] criticized Washington's retaliatory trade policy against Japan and encouraged Tokyo not to yield to such U.S. actions, Foreign Ministry officials said.

While Longuet told Foreign Minister Tsutomu Hata that he hopes Japan will not yield to Washington's stance of force, Hata said Tokyo will neither yield nor respond to talks supposing retaliation, the officials said.

Longuet said in a 40-minute meeting that France will be unhappy if major powers like the United States use force against Japan and achieve major results in Japanese markets, they said.

Hata told Longuet he has repeatedly urged U.S. officials not to take "unilateral" moves.

The U.S. Government reinstated the Super 301 trade provision which gives it broad powers to impose sanctions against countries it judges to have unfair trade practices.

Longuet was quoted as saying France is steadily trying to promote exports to Japan and has made progress in certain areas such as pork and helicopter exports.

Hata praised French efforts to promote exports to Japan, such as its business-boosting campaign called "Le Japon C'est Possible," and said he is sure steady efforts will promote bilateral economic ties, they said.

**Asks European Car Parts Purchase**

*OW1103142194 Tokyo KYODO in English 1349 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Visiting French Trade and Industry Minister Gerard Longuet on Friday [11 March] called for more purchases of European-made automobile parts by Japan.

Speaking at a press conference, Longuet said if Japan opens up further to U.S. exports, he hopes the same treatment will be awarded to Europe.

The French minister's remarks were in reference to the drawing of plans by Japanese automakers to import more U.S. car parts in line with ongoing U.S. trade negotiations.

Longuet said that during the meeting with Japanese leaders, France and Japan agreed to set up a private-level committee to promote European automotive exports to Japan.

He said automakers' use of European car parts in Japan is at a ratio of only 1.4 percent.

He arrived in Tokyo on Wednesday to have talks with Japanese Government and business leaders and attend an international conference on assistance to Cambodia.

**Hosokawa Interview on Foreign Policy Viewed**

*OW1103120094 Tokyo KYODO in English 1146 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Prime Minister Morihiro Hosokawa on Friday brushed aside speculation that Japan will arm itself with nuclear weapons, a Foreign Ministry official said.

"We wish to contribute to peace and security in the (Northeast Asian) region while maintaining the set-up under the Japan-U.S. security arrangements," the official quoted Hosokawa as saying in an interview with the Korean Broadcasting System (KBS).

"It is impossible for us to go nuclear in light of the nuclear allergy of our people," he reportedly said, explaining Tokyo's strictly defensive national security policy under its war-renouncing Constitution.

The interview, held at Hosokawa's official residence, will be broadcast on the evening of March 22 in a prime-time special KBS program on the premier ahead of South Korean President Kim Yong-sam's visit to Japan from March 24 through 26.

Hosokawa, who visited South Korea for a summit with Kim last November, voiced hope the two leaders will reaffirm the need for future-oriented Tokyo-Seoul ties, the official said.

Expressing deep concern about North Korea's suspected nuclear weapons development program, the premier called for cooperation among Japan, South Korea and the United States in resolving the issue, the official said.

On bilateral economic relations, Hosokawa noted that the transfer of high technology from Japan to South Korea and the bilateral trade imbalance in favor of Japan will be brought up in discussion of a soon-to-be-created intergovernmental forum for new economic partnership, the official said.

Hosokawa was also quoted as saying both Japan and the U.S. should "take cool and sensible steps" to resolve their brewing trade spat, the official said.

**UN Notified About Mission to El Salvador**

*OW0903134494 Tokyo KYODO in English 1315 GMT  
9 Mar 94*

[Text] Tokyo, March 9 KYODO—Japan officially notified the United Nations on Wednesday [9 March] that it will dispatch a group of 15 election observers to El Salvador on March 15 as part of a U.N. peacekeeping mission, government officials said. The reply follows the

request from U.N. Secretary General Butrus Butrus-Ghali in late February for Japan to send personnel to monitor the March 20 presidential and parliamentary elections, the officials said.

The 15-member Japanese team, comprising three from the Foreign Ministry, one from the Tokyo Metropolitan Government and 11 from the private sector, will join a 900-member U.N. unit overseeing the polls in the Central American country.

A peace agreement, enabling the U.N. to deploy its peace mission in El Salvador, was signed in January 1992 after a decade-long "proxy war" between the U.S.-backed right-wing government and leftist guerrillas, supported by the former Soviet Union.

El Salvador will be the third country to which Japan has sent election observers in accordance with the U.N. Peacekeeping Cooperation Law, after Angola and Cambodia.

#### **SDPJ Cabinet Members Criticize Rice Policy**

*OW1103092294 Tokyo KYODO in English 0826 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Social Democratic Party [of Japan, SDPJ] members of the cabinet Friday [10 March] criticized the government's farm policy, blaming it for the current panic in the rice market, officials said.

SDP members voiced concerns about the confusion and expressed their skepticism over the rice policy during informal talks following the day's cabinet meeting, they said.

Agriculture, Forestry, and Fisheries Minister Eijiyo Hata, who tried to reassure his colleagues about the rice supply, bore the brunt of the criticism.

Hata, stressing that the government has secured supplies to the end of August, said the problem is the consumers' rush to hoard domestic rice.

"We will try to halt such rush purchase through the blend sales," ordered by the government, he said.

The Food Agency recently ordered rice retailers to sell domestic rice blended with imports to stop the rush to the homegrown crop, triggered by the short supply due to a poor harvest last year.

Prices of domestically-produced rice have soared since consumers who have found imported rice not as palatable as they want are trying to stock up domestic rice, while some wholesalers are reportedly restricting their sales to boost prices.

Kosuke Uehara, director general of the National Land Agency, said during the informal cabinet talks that the confusion might be a product of sloppy management and mishandling on the part of the government.

Uehara reportedly said "serious consideration" should be given to securing a self-sufficient supply of food.

Kanju Sato, minister of home affairs, said, "the people have lots of anxiety about the blend sales of rice" mandated by the government. He asked whether such a step violates the Antimonopoly Law.

Sato also pointed to the absurdity of the government's long-standing policy of reducing rice cultivation in the face of a declining rice harvest, according to the officials.

The SDP opposed opening the rice market up until the last minute before Prime Minister Morihiro Hosokawa decided last year to lift the long-standing ban on rice imports in the course of the Uruguay Round of global trade talks.

Chief Cabinet Secretary Masayoshi Takemura, at a news conference following the cabinet meeting, admitted that the government, which is responsible for rice supply, cannot be fully immune to the blame for the rice market turmoil.

Takemura pledged to consider a cabinet member meeting over the problems as early as next week.

At the Diet, Hirofumi Ueno, Food Agency director general, said there is no effective way to stop rising rice prices on the black market.

He told a House of Representatives committee that the most important task is to promote smooth distribution of rice through government-controlled channels.

He said an estimated 38 million tons out of the 1993 crop are either consumed by growers or sold in the black market.

#### **Hayashi Appointed New Deputy Foreign Minister**

*OW1103010894 Tokyo KYODO in English 0049 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Japan on Friday [11 March] appointed veteran diplomat Sadayuki Hayashi as the new deputy foreign minister in charge of economic affairs, the Foreign Ministry said.

Hayashi, 56, will replace Koichiro Matsuura.

Matsuura will be assigned to the foreign minister's secretariat to wait for an ambassadorial post, the ministry said.

Hayashi has been the director of the secretariat since July 1992 after serving as director general of the ministry's Economic Affairs Bureau and as minister at the Japanese delegation in Geneva.

**Prosecutors Arrest Former Construction Minister**  
*OW1103132994 Tokyo KYODO in English 0754 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Prosecutors arrested former Construction Minister Kishiro Nakamura Friday [11 March] on suspicion of taking a 10 million yen bribe from leading contractor Kajima Corp.

He is the first Diet member to be arrested in a widening scandal involving the construction industry.

The arrest of the former senior member of the main opposition Liberal Democratic Party came after the House of Representatives agreed earlier in the day to lift his parliamentary immunity.

Legislators cannot be arrested while the Diet is in session unless parliament gives its approval.

Nakamura surrendered himself to the Tokyo District Prosecutors office.

**Political Parties React to Arrest**

*OW1103142794 Tokyo KYODO in English 1222 GMT  
11 Mar 94*

[Text] Tokyo, March 11 KYODO—Legislators and party representatives Friday [11 March] called the arrest of former Construction Minister Kishiro Nakamura during the Diet session "regrettable," but urged fellow lawmakers to restore political morale to regain public trust.

House of Representatives member Nakamura was arrested on suspicion of bribery after the lower house for the first time in 26 years approved a relevant petition filed by the Tokyo District Court.

Prime Minister Morihiro Hosokawa, who also heads the Japan New Party, said the arrest of a legislator while the Diet was in session is "really regrettable," but did not elaborate.

Japanese legislators cannot be arrested during a Diet session without a go-ahead from parliament.

Liberal Democratic Party President Yohei Kono said "as a legislator" he regretted "that things have come so far." Out of respect for the Diet's ethical standards, legislators have to make sure to clear themselves from any suspicion, he said.

Kono's party, which is at the center of the current corruption scandal highlighting ties between the construction industry and politicians, must make further efforts to "break with corruption," Kono said.

The Social Democratic Party (SDP), the largest force within the ruling coalition, said the Diet's lifting of Nakamura's immunity demonstrates parliament's determination to combat political corruption.

SDP Secretary General Wataru Kubo told a news conference his party "honors" the Diet decision and urged the prosecution to clarify suspicions against Nakamura as soon as possible.

Nakamura quit the main opposition LDP on Wednesday. He is suspected of having accepted a 10 million yen bribe from Kajima Corp., a leading construction firm.

Kozo Watanabe, acting secretary general of Shinseito (Japan Renewal Party), another key coalition member, told reporters the Diet's cooperation with prosecutors is important in restoring public trust in politics.

"We politicians must try to shape up so we can win back public trust in politics," he said.

House of Representatives Speaker Takako Doi, while noting the need to honor parliamentarians' rights, said that legislators on the other hand have the duty to safeguard the credibility of the Diet.

Health and Welfare Minister Keizo Ouchi, leader of the minor coalition Democratic Socialist Party, said it is "really regrettable" that the construction bribery scandal has spread as far as to an incumbent legislator.

He said that for the sake of public trust, the Diet had to lift Nakamura's immunity.

Construction Minister Kozo Igarashi, of the SDP, said Nakamura's arrest is "extremely bitter" for his ministry as it has further undermined voter's trust.

Kazuo Shii, chief of the Secretariat of the minor opposition Japanese Communist Party (JCP), said Nakamura's arrest is "a matter of course" and his case only the tip of the iceberg.

He said his party will demand that Shinseito co-leader Ichiro Ozawa be questioned in connection with a series of bribery scandals involving major contractors.

With bribes having been disbursed to win public works contracts, Hosokawa and his government bear responsibility for full clarification of the scandal, Shii said.

**'News Analysis' on Coalition Strategist Ozawa**

*OW1103023194 Tokyo KYODO in English 0152 GMT  
11 Mar 94*

[ "News Analysis" ]

[Text] Tokyo, March 11 KYODO—Every time chief coalition strategist Ichiro Ozawa fails to get his way through backroom politicking, he goes into hiding.

It has been his style since he left the Liberal Democratic Party (LDP), which often made crucial decisions in high-class Japanese restaurants during its 38-year-old grip on power that ended last August.

Prime Minister Morihiro Hosokawa's coalition government shuns such posh "ryotei" restaurants and many of them, already hit hard by the burst of Japan's bubble economy, are going under one after another.

Policy-makers of the seven-party coalition such as the 51-year-old Ozawa make decisions with help from a handful of bureaucrats bargaining on crucial issues behind closed doors, sources said.

Ozawa, co-leader of the Shinseito Party and a faithful servant of one-time LDP kingmaker Shin Kanemaru, is a strategist who has sometimes disappeared from reporters and the public to persuade Hosokawa to decide on such key issues as a cabinet change and tax hikes.

During their reign, LDP faction leaders and senior policy-makers held their "backroom" talks in restaurants and made bargains on Diet business with leaders of then opposition parties.

Ozawa is known as a "kuromaku," or mastermind who pulled the strings from behind the scenes to topple the government of Prime Minister Kiichi Miyazawa last year, ending the LDP's 38-year reign of power.

He and dozens of his fellow parliamentarians, once members of the LDP's strongest faction led by former Prime Minister Noboru Takeshita, bolted from the LDP and formed a new party last June.

Ozawa has stepped out of the public eye since Hosokawa failed to reshuffle the cabinet on March 2, a move that was chiefly aimed at removing Chief Cabinet Secretary Masayoshi Takemura. Ozawa was seen as the key person backing the reshuffle, the sources said.

Ozawa, once dubbed the "prince of the LDP" before leaving the party, also temporarily disappeared from reporters in December after catching the ire of the press with his statement that he was holding news conferences as a "service."

During that time, Ozawa reportedly demanded that Hosokawa remove Takemura from his cabinet, sources said. Takemura and Ozawa hold differing ideas, including about the realignment of Japanese politics.

In addition, Ozawa also helped fashion a 7 percent national welfare tax scheme in early February, which was promptly withdrawn because of strong opposition from both inside and outside the fragile coalition.

Prime Minister Hosokawa publicly apologized for the welfare tax and Takemura episodes, but Ozawa managed to avoid bearing the brunt of the failures.

Ozawa, who in early January ended his two-month-old self-imposed ban on news conferences, is once again out of sight.

The Japanese public seems to be frustrated because Hosokawa's promised "change" has not materialized

despite the change of venues of politicking from "ryotei" restaurants to hotels and other secluded places.

Will Mr. Ozawa, who has promised to make Japan a credible world power, please stand up?

## North Korea

### ROK Premier's Remarks on U.S.-DPRK Talks Rejected

SK1103043794 Pyongyang KCNA in English 0424  
GMT 11 Mar 94

[“International Cooperation System” Sought Behind Scene of Dialogue”—KCNA headline]

[Text] Pyongyang, March 11 (KCNA)—South Korean puppet Prime Minister Yi Hoe-chang told a "press conference" Thursday that "the third round of the talks between the United States and the North of Korea could not be held "unless a progress was made in the exchange of special envoys between the two parts of Korea." Earlier, the puppet deputy minister of foreign affairs said Wednesday that whether the third round of the talks will be held or not is "uncertain" because "the nuclear inspection of the North is not satisfactory" and "the North-South dialogue is not going smoothly."

As was already reported, an inspectors' group of the International Atomic Energy Agency (IAEA) started its activities on March 1 according to the agreed conclusions reached at the DPRK-U.S. contact in New York and the competent organ of the DPRK is rendering a proper cooperation to it. We are willing to honestly implement the agreement concerning the IAEA's inspection for the continuity of safeguards.

Nevertheless, the deputy foreign minister grumbled that the "IAEA's inspection of the North is not satisfactory." This is really preposterous.

As for the "rough going of the North-South dialogue" he talked about, the responsibility for this rests entirely with the South side.

At the fifth working contact for the exchange of presidential envoys between the North and the South, the South side took a provocative stand by deliberately bringing forward matters unrelated to the discussion of working procedures to spoil the atmosphere of the talks.

The puppets are now crying that the North-South dialogue is not going smoothly after intentionally creating difficulties in the working contact. This is a ruse to avoid the responsibility.

And it must not go unnoticed that they are persistently arguing that the progress of the North-South dialogue is a precondition of the third round of the DPRK-U.S. talks.

As we have already stated, the agreed conclusions reached at the DPRK-U.S. New York contact include

the issue of the resumption of the working contact for the exchange of special envoys between the two halves of Korea as a step of simultaneous action and they do not mention the realization of the exchange. The DPRK and the United States agreed on the steps of simultaneous action without preconditions.

The puppets' clamour about the preconditions is nothing but a despicable attempt to balk the third round of the DPRK-U.S. talks by intentionally creating obstacles.

The "international cooperation system" sought by the Kim Yong-sam puppet clique behind the curtain of dialogue to isolate and stifle the DPRK will result only in precipitating their own doom.

### ROK 'Little Interested' in Improving N-S Ties

SK1103042494 Pyongyang KCNA in English 0416  
GMT 11 Mar 94

[“Traitor's Outburst Inciting Confrontation”—KCNA headline]

[Text] Pyongyang, March 11 (KCNA)—The traitor Kim Yong-sam at “the graduation ceremony of the military academy of the air force” Tuesday let loose a bellicose blast calling for “maximized combat power” of the puppet army and “ultra-modern military equipment”, raising a hue and cry over the fictitious “deployment of Armed Forces in the forward areas by the North”.

Earlier, on the 4th of March, the traitor showed up at “the graduation ceremony of the military academy of the Navy” and incited war fever.

It is ill-boding that Kim Yong-sam accompanied by brasshats incited the consciousness of confrontation and war fever at the military academies at a time when working-level contacts for the exchange of special envoys were underway.

This shows that the puppets are little interested in the improvement of the inter-Korean relations, but persistently seek only division and confrontation.

With the traitor Kim Yong-sam remaining in power, neither the successful promotion of North-South dialogue nor peace of the Korean peninsula and its peaceful reunification is thinkable.

### Kim Yong-sam Denounced on Human Rights Issue

SK1103075394 Pyongyang Korean Central Broadcasting Network in Korean 1150 GMT 10 Mar 94

[Commentary by Yun Pyong-son: “Just Denunciation on the One Who Infringes Upon Human Rights”]

[Text] According to reports, Amnesty International, the London-based human rights organization, issued a report on 9 March on traitor Kim Yong-sam's first year in office.

The report pointed out that Kim Yong-sam has done next to nothing to end human rights violations and enumerated human rights violation cases in detail. The report said South Korean peace activist Kim Sam-sok and his sister, Kim Un-chu, were beaten and sexually assaulted by the Agency for National Security Planning after their arrest on national security charges in September, 1993.

It was a just denunciation and protest on the Kim Yong-sam puppet group which, under the cloak of a so-called civilian-led regime, has turned South Korea into a barren land devoid of human rights.

As everyone knows, traitor Kim Yong-sam took office a year ago raving that he would make South Korea a more democratic society and resolve the human rights issue. Nonetheless, the current situation in South Korea clearly shows that it was an imposture of a political prostitute who attempted to win the people's favor by hiding the rebellious nature of the treacherous regime that has changed its nameplate from a dictatorial system to a civilian one.

In order to make South Korea a democratic society and resolve the human rights issue, the National Security Law, the most vicious law in the world, and other fascist evil laws should be abolished first and foremost. The Agency for National Security Planning; the Defense Security Command; and other suppressive organs, which are the breeding center of human rights violations, should be dissolved as well.

Raving about human rights while keeping intact the evil laws and suppressive organs that systematically and physically infringe upon human rights is in fact preposterous. However, traitor Kim Yong-sam, saying he will carry out reforms, left intact all the evil laws and went so far as to enhance the suppressive organs' role.

Under such conditions, the patriotic students and the people who called for independence, democracy, and reunification have been mercilessly suppressed by the police and put behind bars. Workers who called for the right to live have been trampled under the puppet soldiers' combat shoes. Until last October, compared to the same period of No Tae-u's early days in office, the number of students and people who have been arrested invoking National Security Law has increased by 2.5 times. This fact clearly reveals how malicious the Kim Yong-sam fascist clique's suppressive maneuvers are.

In addition, the innocent people have been terrorized in broad daylight and patriotic students have been kidnapped only to be found in a deep valley or at sea as corpses. Universities and work places have been raided by the police and those who have different ideologies have been arrested and executed. Brutal medieval-type torture, such as sleep and water deprivation and sexual assaults, are openly carried out in South Korea. All of these can only be committed in South Korea.

According to materials, approximately 340 people are wanted by the South Korean police and there are now some 300 long-term prisoners. Among them, there are long-term prisoners who have spent their days in a cell for 42 or 44 years.

Traitor Kim Yong-sam, who advertised himself as being a civilian-led government's leader, is an infringer of human rights, surpassing the Fifth and Sixth Republic dictators who gained notoriety for their military dictatorship. South Korea is an area in which human rights is infringed upon and a living hell in which no one can live.

This notwithstanding, the fascist clique did not stop there and raved that it is acceptable to proceed with torture on political detainees. In doing so, they encourage human butchers to commit brutal torture and killings.

The fact that traitor Kim Yong-sam clamors about his so-called respect for human rights and democratic development is nothing but a sophistry to hide his ugly color as a ringleader of human rights violations. Traitor Kim Yong-sam is a wolf in a lamb's skin. The reason why human right violations are openly committed in South Korea is because the present regime has sprung from the deep root of the Fifth and Sixth Republics' military dictators.

It is self-evident that the Kim Yong-sam regime, which has sprung from the deep root of the military dictatorial regimes, can only but take the road of human rights violation. The Kim Yong-sam regime is a succeeding regime of the Sixth Republic.

At a time when human rights is most valued around the world, how can a brutal human rights situation be permitted in South Korea? Amnesty International's indication that nothing has been done to improve the human rights condition in South Korea is just.

As long as South Korea remains as a U.S. colonial country and traitor Kim Yong-sam holds power, South Korea's human rights situation will never be improved. As a crazy dog should only be caught after being beaten to death with a stick, the Kim Yong-sam puppet clique, which runs amok in trampling on human rights and committing manslaughter, will receive a stern trial of the history.

The South Korean people will never tolerate the Kim Yong-sam ring, a fascist tyranny for the century.

#### **South Opposition Party Demands Abolition of NSL**

*SK1103101994 Pyongyang KCNA in English 1000  
GMT 11 Mar 94*

[Text] Pyongyang, March 11 (KCNA)—A spokesman for the South Korean opposition Democratic Party reportedly said in a commentary March 8 that the Democratic Party would push ahead to the last with the drive for the

abolition of the "National Security Law" (NSL), complaining that the Kim Yong-sam group was opposed to the abrogation of the "NSL", an anti-reunification fascist law.

The position of the party strongly calling for the abolition of the "NSL" was manifested earlier at a press conference called by the chairman of the party on March 5.

#### **Japanese Officials' Remarks on DPRK Criticized**

*SK1103045594 Pyongyang KCNA in English 0444  
GMT 11 Mar 94*

[“Sinister Political Plot”—KCNA headline]

[Text] Pyongyang, March 11 (KCNA)—MINJU CHOSON today accuses the Japanese authorities of charging the Democratic People's Republic of Korea with its "nuclear issue."

The analyst says:

The Japanese Prime Minister Morihiro Hosokawa said on March 4 that "it is important to wrest a more drastic step" from the DPRK, which has accepted an inspection of the International Atomic Energy Agency, while Foreign Minister Tsutomu Hata said Japan would continue "strongly urging" the DPRK to totally withdraw its decision to withdraw from the Nuclear Non-proliferation Treaty, alleging that the DPRK's nuclear development is a factor of instability in the Asia-Pacific region."

Their remarks came at a time when an inspection for the continuity of safeguards is under way according to the agreed conclusions reached at the DPRK-U.S. contact in New York. This is aimed at throwing a snag in the way of the third round of the DPRK-U.S. talks and hampering the solution to the nuclear issue on the Korean peninsula.

In this way, the Japanese reactionary forces are attempting to find a justification for legally pushing ahead with Japan's nuclear armament which has reached a danger line, charging the DPRK with the "nuclear issue."

We can never remain an onlooker to the nuclear armament sought by the Japanese reactionaries. If Japan were armed with nuclear weapons, the denuclearization of the Korean peninsula, even though it were realised, would be meaningless and the North-South joint declaration on denuclearization, too, would be reduced to a sheet of paper.

The Japanese reactionaries must promptly stop their sinister political plot and ponder over the matter.

**Service Held in Tokyo for Religious Figure**  
*SK1103103594 Pyongyang KCNA in English 1011  
GMT 11 Mar 94*

[Text] Tokyo, March 9 (KNS-KCNA)—A memorial service for the late Rev. Mun Ik-hwan was held in Tokyo on March 1 under the sponsorship of prominent religious figures and scholars of South Korea and Japan.

Present at the meeting were Pak Yong-kil, wife of the deceased, Ryosuke Yasue, director of the Iwanami Shoton, So Man-sol, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), Father Kim Pyong-sang, representative of the South Korean Catholic Priests' Council for Justice, the Rev. Kim Sang-kon, chairman of the executive committee for the funeral of the Rev. Mun Ik-hwan, Chi Son, permanent chairman of the Alliance of the Buddhist Movement, and many other religionists and scholars.

A message of condolence sent by respected President Kim Il-song on the death of Rev. Mun was read at the meeting.

A memorial address was made by Chong Kyong-mo, a Korean figure in Japan.

Speaking at the meeting, Pak Yong-kil said Rev. Mun had dedicated the remainder of his life to the democratization of South Korean society and to the promotion of national reunification, not abandoning his will for reunification, in his 12 years of prison life. She vowed to devote her everything for the national reunification by carrying forward the intentions of the deceased.

**Solidarity Group in Japan Discusses Action Plan**  
*SK1003151794 Pyongyang KCNA in English 1505  
GMT 10 Mar 94*

[Text] Tokyo, March 8 (KNS-KCNA)—The 13th general meeting of the Hokkaido People's Council for Japan-Korea Solidarity was held on February 25.

The meeting discussed the action program for this year, including the questions of intensifying the movement for supporting and promoting an independent and peaceful reunification of Korea, stepping up the drive for the normalization of diplomatic relations between Japan and Korea and of grandly celebrating the 20th anniversary of the formation of the Hokkaido People's Council for Japan-Korea Solidarity.

A "resolution on a peaceful settlement of the nuclear issue on the Korean peninsula, defence and expansion of the rights of Koreans in Japan" was adopted at the meeting.

**WPK Delegation Holds Talks in Hanoi 7 Mar**  
*SK1103020294 Pyongyang Korean Central  
Broadcasting Network in Korean 1500 GMT 9 Mar 94*

[Text] A Workers Party of Korea [WPK] delegation led by Hwang Chang-yop, secretary of the WPK Central Committee, arrived in Hanoi on 7 March. Talks between the delegations of the WPK and the Communist Party of Vietnam [CPV] were held on that day. Present were members of the WPK delegation led by Hwang Chang-yop, secretary of the WPK Central Committee; and our country's ambassador to Vietnam, representing our side. Hong Ha, secretary in charge of external affairs of the CPV Central Committee; the chairman of the State Planning Committee; and other relevant officials represented the Vietnamese side.

Secretary Hong Ha stressed at the talks that, on the CPV's behalf, he fully supports the Korean people's struggle for socialist construction and for the country's independent and peaceful reunification, and referred to the further development of friendly and cooperative relations between the two parties and countries.

The talks were held in a friendly atmosphere. After the talks, the CPV Central Committee hosted a banquet for the WPK delegation.

**Delegations Depart for Visits to China, Africa**  
*SK1003151994 Pyongyang KCNA in English 1507  
GMT 10 Mar 94*

[Text] Pyongyang, March 10 (KCNA)—A delegation of the South Hamkyong Provincial Committee of the Workers' Party of Korea led by its Chief Secretary Hyon Chol-kyu left for a visit to China, a delegation of the DPRK Foreign Ministry led by Vice-Minister Pak Myong-ku for a visit to East African countries, a delegation of the DPRK Foreign Ministry led by Vice-Minister Kim Yong-il for a visit to West African countries and a delegation of the DPRK Parliamentary Union led by Secretary of the Standing Committee of the Supreme People's Assembly and Vice-Chairman of the Union Yi Mong-ho to attend the 91st Inter-Parliamentary Conference left here today.

**Kim Il-song Greets Mauritian Officials**

*SK1103105094 Pyongyang KCNA in English 1021  
GMT 11 Mar 94*

[Text] Pyongyang, March 11 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings Thursday to President Cassam Uteem and Prime Minister Anerood Jugnauth of the Republic of Mauritius on the occasion of the 26th anniversary of the independence of Mauritius and the 2nd anniversary of the proclamation of the Republic.

Wishing the Mauritian president and prime minister success in their work for the stability of the country and its prosperity, President Kim Il-song in his message

expressed the belief that the friendly relations between the two countries would develop day by day.

**Kim Il-song Sends Greetings to Chilean President**  
**SK1103105294 Pyongyang KCNA in English 1023**  
**GMT 11 Mar 94**

[Text] Pyongyang, March 11 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings today to Eduardo Frei Ruiz upon his assumption of office as president of the Republic of Chile.

President Kim Il-song in his message expressed the belief that the relations between the two countries will develop on good terms in conformity with the idea of independence, peace and friendship and wished the Chilean president success in his work for the democratic development and prosperity of the country.

**Kim Il-song's Works Studied Abroad**  
**SK1103051594 Pyongyang KCNA in English 0408**  
**GMT 11 Mar 94**

[Text] Pyongyang, March 11 (KCNA)—A detailed summary of "For the Ultimate Solution of the Rural Question Under the Banner of the Socialist Rural Theses," a letter sent by the great leader President Kim Il-song to the national agricultural conference, was reported by the Ugandan paper THE MONITOR, the Mongolian paper JASGYN GAZRIN MEDE and Radio Star of Peru.

Lectures and reading sessions on the letter were held in Raulane District of Maputo City, Mozambique, and the Togolese People's Unity Youth and the Guyana Torch-light Taekwondo group for the study of the chuche idea of Comrade Kim Il-song.

**Egyptian Party Chief Sends Gift to Kim Chong-il**  
**SK1103045894 Pyongyang KCNA in English 0410**  
**GMT 11 Mar 94**

[Text] Pyongyang, March 11 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from Yussef Amin Wali, general secretary of the Egyptian National Democratic Party on the occasion of his birthday.

The gift was handed to the Korean Mission in Egypt.

**KCNA Interviews Russian Scholar on Chuche Idea**  
**SK1103103394 Pyongyang KCNA in English 1007**  
**GMT 11 Mar 94**

[“Chuche Idea Is Greatest Revolutionary Idea at Present Time”—KCNA headline]

[Text] Pyongyang, March 11 (KCNA)—Prof. Aleksandr Kabalov, doctor of philosophy at Moscow University, in a press interview with a KCNA correspondent in Russia

on March 4 stressed that the chuche idea is the greatest revolutionary idea at the present time.

Saying that the chuche idea clarifies a man-centred viewpoint and stand toward the world, he added:

The chuche idea defines people's struggle for independence as the driving power of social development.

We fully support the formulation that the popular masses are the creator of history. The principle of the chuche idea that the popular masses are the masters of their destiny and the world and play a decisive role in shaping their destiny and transforming the world makes an outstanding contribution to the development of the revolutionary idea of the working class.

The chuche idea raises the question of leadership of party and leader, in the revolutionary movement and the communist movement, which is the most correct idea.

The chuche idea is the greatest revolutionary idea which gives scientific answers to the new questions raised by the present time, he pointed out, and said:

It is a very important feat of the chuche idea that it gives a new scientific world outlook to mankind.

The chuche idea is the supreme idea that is of universal significance on a world-wide scale.

The chuche idea founded by Comrade Kim Il-song is now developed and enriched by Comrade Kim Chong-il.

Comrade Kim Chong-il is developing the chuche idea in depth with his outstanding ideological and theoretical activities and brilliantly applying it in the realities of Korea.

He said that during his Korean visit he saw the shining achievements made by the Korean people in revolution and construction by applying the chuche idea.

**Kim Chong-il Thanks South Hamgyong Medical Group**  
**SK1103102294 Pyongyang KCNA in English 1002**  
**GMT 11 Mar 94**

[Text] Pyongyang, March 11 (KCNA)—The dear leader Comrade Kim Chong-il extended thanks to the medical group of the South Hamgyong provincial people's hospital which had produced a new cardiotonic injection with domestic raw materials and technology.

The new cardiotonic injection is made from raw materials abundant in Korea. Its cardiotonic effect is better than the old one.

They have already produced a large amount of cardiotonic injection and used them for the protection of lives and promotion of health of the working people.

**Art Contest for Kim Chong-il's Birthday Closes**  
*SK1103050094 Pyongyang KCNA in English 0413  
GMT 11 Mar 94*

[Text] Pyongyang, March 11 (KCNA)—The fourth individual contest for "February 16 art prize" took place from January 18 to March 10.

This contest held around the birthday of the dear leader Comrade Kim Chong-il every year is the art contest of the highest level combining all forms of contests of this kind held so far in Korea.

The contest well shows the development of chuche art under the wise guidance of the dear leader.

The contest divided into vocal music and instrumental music (string instruments, wind instruments and keyboard instruments) drew artistes of art troupes in the capital and provinces and teachers and students of Pyongyang University of Music and Dance and provincial art universities.

The decision of the jury was published on Thursday.

Pak Sun-po, a singer of the Pibada Opera Troupe, and Chong Un-hui, a singer of the Mansudae Art Troupe, in the vocal music sector and Kang Mi-son, a student of Pyongyang University of Music and Dance, O Yong-nan, an actress of the Mansudae Art Troupe, and Pang Tu-son, an instrumentalist of the orchestra of the Yun I-sang Music Institute, in the instrumental music sector and others were highly appraised.

**Ideology Work Officials Hold National Meeting**  
*SK1103051294 Pyongyang KCNA in English 0430  
GMT 11 Mar 94*

[Text] Pyongyang, March 11 (KCNA)—A national meeting of officials in charge of the party's ideological work was held here on March 9 and 10.

The meeting reviewed the achievements and experience in the party's ideological work over the past 20 years under the uplifted banner of modelling the whole society on the chuche idea and discussed measures to improve and strengthen the ideological work as required by the developing reality.

Secretary of the Central Committee of the Workers' Party of Korea Kim Ki-nam made a report at the meeting, which was followed by speeches of many participants.

The reporter and speakers recalled that the dear leader Comrade Kim Chong-il proclaimed a programme of modelling the whole society on the chuche idea on February 19, 1974 and indicated the basic tasks and ways of the party's ideological work for its fulfilment. They said he performed immortal feats for the times and the revolution by providing an invincible ideological and

theoretical weapon which firmly guarantees the victory of the revolutionary cause of the working class, the cause of socialism.

They said a great progress has been made in preparing all the members of society to be chuche-type communist revolutionaries unfailingly loyal to the party and the leader and transforming the economy and culture as demanded by the chuche idea, an orderly system of ideological work of the party has been established and a significant improvement made in the method of ideological education, under the banner of the programme of modelling the whole society on the chuche idea.

They stressed the need to consolidate as firm as a rock the singlehearted unity of our revolutionary ranks around Comrade Kim Chong-il.

All the officials in charge of the party's ideological work, they said, should improve and strengthen the party's ideological work to meet the requirement of the developing reality and thus intensify the work of modelling the whole society on the chuche idea.

A letter of pledge to Comrade Kim Chong-il was adopted at the meeting.

**Daily Writes on Chuche Character of Socialism**  
*SK1103104694 Pyongyang KCNA in English 1019  
GMT 11 Mar 94*

[“Ours Is Invincible Socialism With Strong Chuche Character”—KCNA headline]

[Text] Pyongyang, March 11 (KCNA)—Our socialism is now exalting its dignity and honor as socialism with a strong chuche character because it has the dear leader Comrade Kim Chong-il at the head of the cause of socialism and is under his outstanding guidance, declares NODONG SINMUN in an article today.

The author of the article says:

Today our socialism is giving full play to its advantages and vitality as socialism with a strong chuche character, which was chosen by our people themselves and has been built by them with their own efforts, because it fully embodies the chuche idea.

The chuche character of our socialism finds clear expression, above all, in that all the lines and policies, strategies and tactics are worked out from the stand of chuche and they are carried into practice to the letter.

In our country today all the lines and policies of the party and the state are shaped in conformity with the aspirations and demand of our people and the specific conditions of the country on the basis of the chuche idea. The dear leader who regards the people as his teacher and respects their will to the maximum makes it a rule always to find himself among them and work out all the lines and policies in conformity with their aspirations and demand. All the lines and policies of the party and the

state in our country serve for the creative life of the popular masses and contribute to the increase of the chuche character of our-style socialism.

The chuche character of our socialism also finds manifestation in regarding the popular masses as the driving force of socialist construction and resolving everything by enhancing their role.

The question of bringing up the popular masses to be the driving force of socialist construction has been successfully solved in our country under the wise guidance of the dear leader. He gives scientific answers to the questions raised by the times and revolution with his extraordinary intelligence and energetic ideological and theoretical activities and guides the popular masses to keep the socialist idea as their creed. He has brought up our people to be a people strong in independence by guiding them to break through difficulties and trials in their way by their own efforts in the revolutionary spirit of self-reliance with high consciousness of being the driving force of socialist construction.

The strong chuche character of our socialism is powerfully demonstrated in that it is confidently advancing along its path, not wavering under any circumstances.

Ours is a people who have keenly realized in the course of building socialism under the leadership of the party that only socialism provides them with genuine freedom and happiness and the cause of socialism is invincible.

The imperialists' moves to blockade and stifle our socialist system politically, economically and militarily, hating it as a thorn in the flesh, have been intensified as never before. But our people are taking great strides in socialist construction, united around the dear leader in one mind.

#### **Radio Reports Increase in Exports by Local Areas**

*SK1103110694 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 10 Mar 94*

[Text] Functionaries and working people of the local trade sector, who are upholding the party's trade-first policy, are strengthening the production base of export items and are actively increasing exports.

From January 1994 until now, they increased exports by 1.5 times over the same period of last year by carrying on a vigorous struggle to thoroughly implement the great leader's New Year's address and the decisions made at the 21st plenary session of the Sixth party Central Committee.

Cities and counties in South Pyongan Province are concentrating great efforts on developing local trade. Normalization of production of export items at a high level has been achieved at 50 production bases in the province. The province has actively carried out a struggle to create new bases and to increase exports to bring about the five-fold increase of exports in February over the same period of last year.

In Nampo, prospective production bases of export items have been prepared based on the city's geographic and economic conditions and on a close estimation of overseas demand [taeoejok suyo]. From the beginning of this year until now, the city increased exports 2.9 times over the same period of last year by diversifying and varying trade [muyogul tagakhwa tayanghwa hamurossso].

In this city, Chollima district and Kangso district set examples in exporting. These districts have prepared excellent bases for producing various metal products, farming products, and local specialities and properly carried on production organization and technological guidance. They keep overfulfilling monthly export plans at 120 percent or more.

South Hamgyong, North Hamgyong, Chagang, and North Hwanghae Provinces also scored gains in exporting, with deep interest in the development of local trade, upholding the party's trade-first policy.

These provinces are operating well Kyongsan Export Garment Plant, Hamhung Silk Plant, and other plants and are increasing exports in various ways—such as processing trade [kagong muyok], joint operation [habyong], and joint venture [hapchak].

Najin district, Huichon, Chonchon county, Hwangju county, and Yontan county take the lead in implementing monthly export plans by developing mulberry fields and increasing the production of straw goods, industrial art products, and other export items.

Enthusiastically implementing the party's trade-first policy, working people in Kaesong are well carrying on production organization to achieve the goal of diversifying goods of Koryo ceramics, industrial art products, Koryo ginseng, handicrafts, and other specialities of the city and adding 30 more kinds of export items this year.

They explored many export sources [suchul wonchon] by displaying their revolutionary enthusiasm and creativity so they could fulfill the city's overall export plan for February at 140 percent. Encouraged by this success, they continue to effect innovations in producing export items.

#### **Films Released To Mark Theses Anniversary**

*SK1003151594 Pyongyang KCNA in English 1503 GMT 10 Mar 94*

[Text] Pyongyang, March 10 (KCNA)—The Korean Scientific and Educational Film Studio has recently released several scientific films on the occasion of the 30th anniversary of the publication of the great socialist rural theses.

"Agricultural Know-How" Nos. 14 and 15, scientific films which will help raise the standard of technical and cultural knowledge of the agricultural officials and

working people, include "Mysterious Chongbang Bacterium No. 10", "Hedge Sweet Potato", "New Silkworm Disinfectant", "Wormwood Is Used as Feed Additive", etc.

"Mysterious Chongbang Bacterium No. 10" invented by the stockbreeding institute of the Academy of Agricultural Sciences is several times stronger than the old one in dissolving fibrin, rich in protein content. It helps increase the fattening rate 20 percent while saving grain feed 20 percent.

"Hedge Sweet Potato" shows that if sweet potato is cultivated with the hedges of village houses as the support for its runners, the harvest is raised ten times that when it is planted in fields.

The scientific film "Drying Grain by Solar Heat" introduces a new method invented by the Kim Che-won University.

Besides, there are among the newly released films many scientific films showing various aspects of the Korean rural communities prospering under the bright rays of the rural theses and introducing advanced techniques of farming, stockbreeding and fruit-growing.

### South Korea

#### Gallucci in Seoul for Talks on IAEA Inspections

##### Meets With President

SK1103023794 Seoul YONHAP in English 0231 GMT  
11 Mar 94

[Text] Seoul, March 11 (YONHAP)—President Kim Yong-sam received U.S. Assistant Secretary of State for Political and Military Affairs Robert Gallucci on Friday and exchanged views on International Atomic Energy Agency (IAEA) inspections of North Korean nuclear sites.

President Kim reaffirmed that a special envoy exchange by South and North Korea and Pyongyang's cooperation in the IAEA nuclear inspections are preconditions for a third round of high-level talks between Pyongyang and Washington.

Kim also stressed that Seoul and Washington should make joint efforts to solve the North Korean nuclear problem.

The third round of Pyongyang-Washington high-level talks cannot be held unless the two Koreas exchange special envoys, an official at Chongwadae [presidential office] quoted Gallucci as saying.

##### Meets Nuclear Ambassador

SK1103031294 Seoul YONHAP in English 0259 GMT  
11 Mar 94

[Text] Seoul, March 11 (YONHAP)—South Korean and U.S. officials sat down Friday for talks on the North Korean nuclear situation, which both sides agreed was at a crossroads. Seoul's Nuclear Ambassador Kim Sam-hun and U.S. Assistant Secretary of State for Political and Military Affairs Robert Gallucci met to evaluate recent developments concerning International Atomic Energy Agency (IAEA) inspections in North Korea and inter-Korean dialogue.

Officials here said the two sides will reaffirm their two preconditions for Washington to hold the next round of high-level talks with Pyongyang—the IAEA inspections must conclude successfully and the two Koreas must exchange special envoys.

"One year ago tomorrow, North Korea announced its withdrawal from the Nuclear Non-proliferation Treaty. Today, we are still wrestling with the problem," Kim said in opening the meeting. "We have to resolve the problem through dialogue. We maintain that principle," he said.

The IAEA team is currently in North Korea for inspections after a one-year break but the monitoring activities are not going as smoothly as expected, according to officials here and in Washington. Meanwhile, the inter-Korean contacts on exchanging envoys are dragging on with the next meeting set for Saturday. Officials say the March 21 meeting between North Korea and the United States may well have to be delayed until the two preconditions are met.

"We have been at a crossroads, and we are again in that position," said Gallucci. "This will be a good time to discuss the next steps to take together."

##### Meets With Foreign Minister

SK1103081994 Seoul YONHAP in English 0809 GMT  
11 Mar 94

[Text] Seoul, March 11 (YONHAP)—South Korean and U.S. officials agreed Friday that the International Atomic Energy Agency (IAEA) inspections of North Korean facilities are going well enough not to cause any undue concern.

Foreign Minister Han Sung-chu and visiting U.S. Assistant Secretary of State Robert Gallucci met privately after officials from the two sides had sat down to three hours of talks on resolving the North Korean nuclear problem.

"They (Han and Gallucci) noted that the IAEA inspections are under way. The inspection issue was not discussed as a matter of concern," Foreign Ministry spokesman Chang Ki-ho said after the meeting.

The two officials' judgement soft-pedaled unceasing reports that IAEA activities are being limited by North Korea, which is refusing full access to certain key installations.

Chang said they discussed two scenarios if the third round of North Korea-U.S. high-level talks either does or doesn't open on March 21.

Gallucci, chief U.S. representative at the high-level talks with North Korea, is in Seoul to work out a joint response to the nuclear situation.

He and the foreign minister will meet again over lunch on Saturday and evaluate the results of the sixth inter-Korean contact on exchanging special envoys, Chang said.

The envoy exchange is one of two preconditions to North Korea-U.S. high-level negotiations. The other is successful conclusion of the IAEA inspections.

#### 'High-Level' Talks Held 11 Mar

*SK1103070594 Seoul CHUNGANG ILBO in Korean  
11 Mar 94 p 2*

[By Pak Ui-chun]

[Text] The ROK and the United States on 11 March reconfirmed their position that full and satisfactory nuclear inspections by the International Atomic Energy Agency [IAEA] must be conducted and that the inter-Korean exchange of special envoys must actually be held in order to hold the third round of North Korean-U.S. high-level talks.

It was also learned that in the high-level meeting on the North Korean nuclear issue held at the Foreign Ministry today, the ROK and U.S. Governments agreed that if North Korea agrees to conduct an envoy exchange by 21 March, the third round of North Korean-U.S. talks will be postponed for the same amount of days it takes for North Korea to actually conduct an exchange of special envoys.

Present at the meeting were working-level officials from relevant ROK ministries and agencies, such as the Chongwadae [presidential office], National Unification Board, Foreign Ministry, Defense Ministry, and the Agency for National Security Planning, headed by Kim Sam-hun, the ROK Foreign Ministry's nuclear ambassador, and the U.S. side was composed of working-level officials from the White House, the State Department, and the Defense Department, headed by Robert Gallucci, assistant secretary of state.

It has also been learned that the two countries agreed that if North Korea does not properly guarantee IAEA inspections and does not agree to the envoy exchange, the announcement on the third round of talks and the suspension of the Team Spirit-94 joint military exercise will be withdrawn, and the two countries will push ahead with the resumption of the Team Spirit exercise.

The ROK and the United States agreed that if the third round of North Korean-U.S. talks are held, North Korea's full return to the Nuclear Nonproliferation Treaty, special inspection of the undeclared nuclear sites, assistance in the replacement with light-water moderated reactors, and improvement of North Korean-U.S. relations will be dealt with comprehensively [pog-walchoguro].

The two countries evaluated the current status of the IAEA inspections and the last two rounds of the inter-Korean working contacts, and agreed that, on the whole, the IAEA's nuclear inspection has proceeded smoothly so far and that a last-minute settlement of the issue on exchanging special envoys remained possible.

#### DPRK-U.S. Talks Conditions Reaffirmed

*SK1103065294 Seoul YONHAP in English 0643 GMT  
11 Mar 94*

[Text] Seoul, March 11 (YONHAP)—Seoul and Washington are sticking to their prerequisites for the next round of North Korea-U.S. high-level negotiations, agreeing that the talks' scheduled date would be put off indefinitely if Pyongyang failed to meet the conditions.

The two countries reaffirmed that the International Atomic Energy Agency (IAEA) must conclude successful inspections in North Korea and the two Koreas must exchange special envoys before the Pyongyang-Washington meeting can take place, Kim Sam-hun, Seoul's nuclear ambassador, said after consultations with U.S. officials.

As to what constitutes successful inspections, Kim said the IAEA is responsible for making that determination. "South Korea and the United States will respect the IAEA's decision on the inspection results," said Kim.

Seoul and Washington shared concern over Pyongyang's negative attitude at inter-Korean contacts, evidenced by its "impure" demands, the ambassador told reporters. While repeating their commitment to solving the dispute through dialogue, they noted that the world's patience was running out.

U.S. Assistant Secretary of State Robert Gallucci, also chief American representative at the two previous high-level talks with North Korea, has come to Seoul to draw up strategies in dealing with the North Korean nuclear crisis.

A team of IAEA inspectors is in North Korea, probably until March 15, checking primarily whether the communist state has diverted nuclear material to non-peaceful uses.

Earlier, Washington made conditional promises to North Korea to cancel this year's "Team Spirit" military drill, held annually with Seoul, and to meet for further high-level talks on March 21.

But North Korea must permit full IAEA inspections and exchange presidential envoys with South Korea before the promises are carried out. The bilateral consultations here came amid another budding crisis as Pyongyang holds out on inter-Korean dialogue. Kim said after talking with Gallucci that he cannot emphasize enough that the envoy exchange is a precondition that must be met.

The three-hour session dealt with what the next North Korea-U.S. talks would cover. "The meeting would in reality be the last opportunity to solve the nuclear problem," said Kim. "As stated at last November's summit, they would negotiate related agendas on a thorough and broad basis."

Resolution of the nuclear problem means North Korea's complete return to the Nuclear Non-proliferation Treaty [NPT], acceptance of special inspections of its undeclared facilities and implementation of the inter-Korean agreement on denuclearization, said Kim.

Exactly one year ago this Saturday, North Korea announced it was bolting from the NPT, riveting the attention of the international community.

Speculation here is that North Korea will hold out to the last minute on the envoy demand, possibly offering to conduct the exchange sometime after March 21.

"As I said, the envoys have to have come and gone. It's not enough to just agree on the dates of the exchange," said Kim. Asked whether that means the March 21 meeting might be delayed or cancelled, Kim answered "yes."

North Korean and U.S. officials meet for their sixth contact Saturday to arrange the envoy visits.

#### Scenarios on North's Nuclear Issue Considered

SK1103033294 Seoul TONG-A ILBO in Korean  
11 Mar 94 p 3

[Article by reporter Kim Cha-su: "Another Foul-up in North's Nuclear Issue, ROK, U.S. Struggle for Solution—Three Scenarios Under Discussion"]

[Text] There are signs of the North Korean nuclear issue—which seemed to be smoothly heading for a solution—getting fouled up again. As it has been reported, North Korea claims that it has never agreed with the United States on the inter-Korean exchange of special envoys as a precondition for the third round of North Korean-U.S. high-level talks, thereby showing a negative attitude in the inter-Korean working contact. Moreover, the nuclear inspection on North Korea by the International Atomic Energy Agency [IAEA] appears to be running into a problem.

The ROK and the United States, therefore, are struggling for appropriate measures to cope with this situation. U.S. Assistant Secretary of State Robert Gallucci, who came to the ROK on 10 March, his entourage, and

relevant government officials are supposed to hold a series of meetings on 11 and 12 March to intensively discuss countermeasures.

Assistant Secretary Gallucci, who heads the U.S. delegation to the North Korean-U.S. high-level talks, came to Seoul to coordinate the ROK and U.S. positions on the third round of North Korean-U.S. talks. However, since doubts raised whether the third round of talks will be held as scheduled, the ROK-U.S. talks are expected to discuss various possible scenarios.

The scenarios the ROK and the United States can consider are: first, if North Korea sincerely permits the IAEA inspections and helps realize the inter-Korean exchange of special envoys, second, if North Korea sincerely permits the IAEA inspections but does not help realize the inter-Korean exchange of special envoys before 21 March, and, third, if North Korea obstructs the IAEA inspections and refuses to realize the inter-Korean exchange of special envoys.

In case of the first scenario, the most favorable one, the ROK and the U.S. position is to hold the third round of North Korean-U.S. talks on 21 March and discuss extensively the North Korean nuclear issue and the improvement of North Korean-U.S. relations. The ROK and the United States have set up a policy that they will demand that North Korea fully return to the Nuclear Nonproliferation Treaty and permit special inspections. The ROK and the U.S. strategy is not to arrive at a package solution for the nuclear issue and the North Korean-U.S. relations, as North Korea demands, but to accede to the North Korean demands on a step-by-step basis depending upon the degree of its ensuring nuclear transparency. In other words, the lifting of restrictions on trips to North Korea, allowing trade with North Korea except strategic goods, guaranteeing in writing not waging preemptive strike on North Korea with nuclear arms, and opening of a liaison offices, can be made on a step-by-step basis. Assistant Secretary Gallucci, in meeting with relevant ROK Government officials, is expected to explain the U.S. plan as to what sort of "carrot" it could present for the North Korean demands, and adjust and coordinate the U.S. position with the ROK.

In case North Korea sincerely permits the inspections but refuses to exchange special envoys before 21 March, the ROK and the U.S. position is to postpone the third round of North Korean-U.S. talks until the envoy exchange is made. However, noncompliance with the promise for the envoy exchange itself is not enough to take the issue on sanctions on North Korea to the UN Security Council, so the ROK and the United States will continue to persuade North Korea to help realize the envoy exchange.

The worst scenario is the case in which North Korea refuses to sincerely permit the IAEA inspections and to exchange special envoys. It has been reported that North Korea raised some objections to the IAEA inspection

team's activities and postponed the taking of test samples from the radioactive chemical laboratory and the five-megawatt nuclear reactor, thus taking an uncooperative attitude. The basic ROK-U.S. position is that if North Korea refuses to permit the inspections of its key nuclear facilities in the present IAEA inspection, which is scheduled to end on 14 March, North Korea will have to be subjected to sanctions by the UN Security Council.

The ROK and the United States have set up a policy that they will endeavor to bring a complete resolution of the North Korean nuclear issue through the third round of the North Korean-U.S. talks. They will discuss various countermeasures, but their agony continues because they will have to overcome many obstacles in view of the North Korean attitude.

### **South Researcher To Visit DPRK on UNDP Plan**

*SK1103065894 Seoul YONHAP in English 0654 GMT 11 Mar 94*

[Text] Seoul, March 11 (YONHAP)—The South Korean Government gave the go-ahead Friday for a researcher from the Korea Institute for International Economic Policy (KIEP) to visit North Korea this month. The researcher, Kim Ik-su, will attend a United Nations Development Program (UNDP) spot investigation of the three countries along the Tumen River. This will be the first time that the government has allowed a South Korean national to visit North Korea this year.

Kim is a member of the Regional Development Strategy (RDS) working group under UNDP, which comprises experts from five countries including South Korea and Japan. Kim will enter North Korea on March 19 via Beijing and investigate the Rajin-Sonbong region in the North until March 22.

UNDP held an unofficial working meeting in New York on Jan. 31 and decided to form working groups in six areas, including RDS, in order to draw up guidelines for development and investment on the Tuman River.

### **DPRK Soldier Defects to South Korea Via China**

*SK1103030194 Seoul KBS-1 Radio Network in Korean 0213 GMT 11 Mar 94*

[Text] A North Korean soldier has asked South Korea for asylum after secretly boarding a South Korean cargo ship in China. At around 0530 [2030 GMT] this morning, Paek Yong-kil, first class sergeant of the 718 Army unit of the North Korean People's Army, secretly boarded a ship—the Chihae Pioneer belonging to Heung-A Shipping Company—asked for asylum upon entering Ulsan port. After fleeing from his country to China through the Yalu River on 23 November 1993, he secretly boarded the Chihae Pioneer ship, in Dalian, China, on 8 March and asked for asylum. He said in an interrogation that he had decided to defect to South Korea because he was getting tired of the socialist system.

### **Minister Concerned Over Effects of U.S. Bill**

*SK1103021694 Seoul THE KOREA TIMES in English 11 Mar 94 p S-1*

[Article by staff reporter Yi Chang-sop from the "Special Report" section: "US Urged To Scrap Retaliatory Bill"]

[Text] Finance Minister Hong Chae-hyong yesterday expressed a serious concern over negative effects the U.S. "retaliatory" financial bill will have on the domestic and foreign financial markets. A passage of the bill will result in contracting, rather than expanding, the domestic and global financial markets, Hong said in an interview with THE KOREA TIMES.

He said Seoul will dissuade Washington from introducing the bill on the Fair Trade and Financial Services, often called the Riegle bill, as it will be used as a tool to put pressure on Korea and other countries to open their financial market wider. He said, "I can not exclude the possibility of the passage of the bill, which will reciprocate against countries which do not guarantee full national treatment to American financial services firms."

Washington has threatened to use the bill to restrict the American operations of international financial institutions until and unless foreign countries committed to opening their markets to U.S. financial institutions. A passage of the bill will arm the Treasury Department with more leverage to put pressure on Korea for opening its financial markets, he said.

Hong excluded the possibility that Washington might use the forthcoming APEC (Asia-Pacific Economic Cooperation) finance ministers meeting as an opportunity to pry open financial markets of the other countries. "The meeting, scheduled to be held in March 18-19 in Hawaii, is a forum for discussing multilateral issues, not bilateral ones," he said. "The APEC meeting is to share our experiences with other members, not to discuss bilateral issues," he said, adding that APEC finance ministers will discuss multilateral issues to addresses some of the challenges facing the region, including ensuring non-inflationary regional growth, financing investment, infrastructural development and promoting capital market development. He did not specify when Seoul will raise the foreign stock ownership ceiling, currently set at 10 percent for each individual issue. Under the nation's Five-Year Financial Reform Plan, Seoul committed itself to raising the ceiling sometime between this year and next year, he said.

The government will decide, after June, the timing and the extent of the ceiling expansion. He, however, said that foreigners can expand "indirect investment" in Korean stocks. "The government will soon permit such country funds as Korea Europe Fund in London and Korea Asia Fund in Hong Kong to increase capital. Additionally, three Seoul-based investment trust companies will be allowed to set up more funds to help foreigners expand indirect investments in Seoul shares."

His remark appears to be a clear indication that the government will, at least for the time being, encourage foreigners to make "indirect" investment rather than direct investment. Hong said despite positive effects foreign portfolio capital has on the Korean economy, it is true that such capital influx has strained the nation's monetary & foreign exchange policies as well as inflation.

The minister said the government intervened in the stock market three times this year as it showed signs of overheating, adding, however, that this does not mean Korea is backpedalling in its financial internationalization program. He said "Most of our stabilization measures include 'deregulating' old rules that were adopted in the late 1980s to boost the stock market, adding that the recent measures do not necessarily mean introduction of 'new rules.'" He said that Seoul will pursue a capital market development program consistently as was stipulated in the Five-Year Financial Reform Plan. He added that the government will make multi-pronged efforts to balance demand and supply in the stock market. He was replying to growing foreign criticism that Korea's arbitrary intervention in the stock market has overshadowed its reform process and scared away foreign investors.

The minister said sometime this year, Korea will implement part of the third-stage of the interest rate liberalization program, which may include extension of maturity of certificates of deposit (CDs) and the lowering of its minimum face value of 50 million won. The minister said Korea will come out with a comprehensive plan to activate foreign direct investments by the end of May. "If our program is implemented, there will be qualitative and quantitative expansion in foreign direct investments in Korea," he said.

Hong said the timing of Korea's joining the OECD [Organization for Economic Cooperation and Development] will not be linked to the nation's pace of financial reform when he was asked to comment whether Korea must delay its OECD membership as the OECD views the speed of the nation's financial reform is "slow."

He said by the time Korea joins the OECD around 1996, "Our liberalization ratio will be raised significantly." Korea will continue to liberalize the financial market even after joining the OECD as market-opening and liberalization is a dynamic process, he said.

Preconditions for OECD membership is not to what extent a country is liberalized, but whether the country is willing to implement its pre-announced liberalization schedule after gaining membership, he said. There has emerged a view that Korea may be forced to delay the OECD membership as it may be tough for Seoul to meet all of the OECD requirements, especially those on foreign exchange and capital flows.

He said depending on each country's economic situation, it can delay meeting part of the OECD requirements when it applies for a membership. In negotiations

with the OECD, "we will fully explain to it why Korea must delay liberalizing specific restrictions," he said. He said the Korea Stock Exchange [KSE] will be authorized to handle stock index futures trading from 1996 in accordance with the pre-announced program but he did not say whether Korea will create another futures exchange which will compete with the KSE for stock index futures contracts.

#### Government 'Dampens' U.S. Expectations on APEC

SK1103034894 Seoul *THE KOREA TIMES* in English  
11 Mar 94 pp S-1, 4

[Text] Korea has dampened "unrealistic" U.S. expectations for the APEC (Asia-Pacific Economic Cooperation) finance ministers meeting, scheduled for March 18-19 in Hawaii, as a forum to put pressure on other countries into opening their financial markets.

In preliminary deputies talks last week, the U.S. Treasury Department aired a set of proposals that could be developed into institutional mechanisms for expanding market access for U.S. financial firms. For example, Washington suggested the creation of a committee to "study the rule of foreign financial institutions in APEC countries as well as liberalization of their capital markets."

Korea, Japan, and even Brunei rejected the idea as it does not deal with multilateral issues for common prosperity of the region, according to Assistant Finance Minister Yim Chang-yol. Instead, the deputies agreed to adopt the Four-Cs (consensus, cooperation, cordiality and consultation) as a guiding principle of the APEC finance ministers meeting, Yim said. Furthermore, the meeting will be "non-binding" and no country will play the role of "coordinator" in the forum, Yim said.

Despite such a suspicious attitude among APEC countries, analysts here expect the United States to "make the point in the Hawaii meeting that financial market integration and liberalization is in APEC's best interests." Washington is said to have adopted "three principles" in further opening the Asian financial markets, they said. First of all, the United States, out of its ambition to open up foreign financial markets, threatens not to grant most-favored-nation (MFN) status to foreign firms in which countries deny full market access and national treatment to U.S. firms. It is looking for bilateral agreements which offer reasonable market access and national treatment. In the case of Korea, the United States might use the standard of "equality of competitive opportunity," instead of national treatment, analysts said.

Washington is said to be prepared to guarantee full market access and national treatment to countries which give U.S. firms satisfactory access and national treatment, they noted. The United States is said to be seeking to negotiate constructively with foreign countries, including Korea. There will be a standstill or "grandfathering" of existing operations of firms already in the

U.S. market during negotiations. Furthermore, U.S. Treasury officials are said to be airing the position that the United States will not unreasonably refuse access to nations which are not already in the U.S. market, analysts said.

The U.S. objective remains multilateral. However, Washington argues that it can not accept the situation in which other nations retain the right to discriminate against U.S. firms while they are permitted to expand in the U.S. market, analysts said. Washington officials are said to be asserting that they will be reasonable and pragmatic. For example, the United States understands the Korean position which considers that its financial system is an integral part of its economic policy and its financial system should remain in domestic hands, they said. U.S. officials understand this, analysts here said.

However, Treasury officials allegedly cite ASEAN countries, Japan, Korea and Brazil as their main "problem" countries regarding full access to the U.S. services agreement. It may intensify its financial policy talks (FPT) with these countries over the next two years with the expectation of reaching an agreement which would enable the Treasury Department not to apply the MFN exemption, analysts said.

In carrying out such action, the U.S. Treasury Department has the legislative authority to reciprocate against foreign financial firms which apply to expand their operations or seek new operations in the United States. For example, it has existing Section 301 authority of the Trade Act to take such action. But the Treasury Department has been reluctant to use this authority in the past except in cases of third country restrictions on market access of U.S. insurance companies.

The Treasury Department also expects Congress to enact the "Fair Trade in Financial Services" act this year. For the first time, the U.S. administration has taken a united position in supporting this legislation. However, there are still problems in winning passage, particularly in the House of Representatives, analysts said.

#### **Travel Agents Protest U.S. Decision on Visas**

*SK1103113594 Seoul YONHAP in English 1113 GMT  
11 Mar 94*

[Text] Pusan, Mar. 11 (YONHAP)—Travel agents here were reacting furiously on Friday against the decision of the U.S. Consulate General in this port city to stop issuing U.S. visas through travel agents.

The American Consulate told the representatives of 21 travel agents in this area on Friday afternoon that the consulate would cease to issue visas through agents effective April 1.

"This is a retaliatory step against us as there has been a move among us to denounce the consulate's earlier

decision to restrict the number of travel agents authorized to handle visa requests," a travel agency official said.

The consulate said that beginning April 1 travel agents or individuals should apply for visas directly at the U.S. Embassy in Seoul.

The U.S. Consulate said, however, it would continue to handle visa reissuance for those in Pusan and South and North Kyongsang Provinces, whose application, it said, should be filed individually not through travel agents.

The new decision is expected to cause much inconveniences to would-be U.S. travelers as well as to adversely affect the business of travel agents in the region.

"We will condemn this measure of the U.S. Consulate General through large-scale rallies to be held jointly with citizens organizations," the travel agency official said.

#### **Romanian President Leaves After Three-Day Visit**

*SK1103092894 Seoul YONHAP in English 0904 GMT  
11 Mar 94*

[Text] Seoul, Mar. 11 (YONHAP)—Romanian President Ion Iliescu left Korea on Friday winding up his three-day official visit here.

Prior to his departure, the Romanian president told a press conference he hopes relations between the two countries would be developed in politics, economy and all other sectors.

Saying he toured some major industries during his stay in Korea, Iliescu said he could physically feel the high technological standard of Korean industries.

"I hope Korean industries will invest more in our country which is pursuing the market economic system," the Romanian president said.

#### **Double Taxation Accord Signed With Bulgaria**

*SK1103084194 Seoul YONHAP in English 0700 GMT  
11 Mar 94*

[Text] Seoul, March 11 (YONHAP)—South Korea and Bulgaria signed a double-taxation-avoidance convention in Sofia, the Foreign Ministry announced Friday.

South Korean Ambassador to Bulgaria Kim Hong-su and Bulgarian Finance Minister Stoyan Aleksandrov signed the agreement determining which taxes of each country are subject to levy or exemption.

The agreement is intended to promote bilateral investment by returning benefits to businessmen and traders, ministry officials said.

**Government, Malta Agree on Double Tax Prevention**

*SK1103122694 Seoul YONHAP in English 1209 GMT  
11 Mar 94*

[Text] Seoul, Mar. 11 (YONHAP)—South Korea and Malta initialed a double taxation prevention agreement in Seoul on Friday.

The agreement was inked at the end of the second Korea-Malta working-level meeting begun on March 7. The first meeting was held in Valletta, Malta in 1990.

**President Kim, DP's Yi Discuss Current Issues**

*SK1103091994 Seoul YONHAP in English 0811 GMT  
11 Mar 94*

[Text] Seoul, March 11 (YONHAP)—President Kim Yong-sam met with the chairman of the main opposition Democratic Party [DP], Yi Ki-tae, Friday and agreed on the need to clean up the political climate.

At a two-hour meeting Friday morning, Kim and Yi, however, disagreed on abolition of the controversial National Security Law, Yi's proposed visit to North Korea and ratification of the Uruguay Round accord.

The two party leaders also showed a considerable difference of opinion on the political neutrality of the police.

The meeting, held at the invitation of the president, was their second since Kim Yong-sam inaugurated the first civilian administration in more than three decades in February last year.

In view of their differing opinions, the abolition of the National Security Law and National Assembly ratification of the Uruguay Round agreement are expected to become hot political items in the months ahead.

Responding to Yi's demand that the National Security Law be revised, President Kim said firmly: "It cannot be done."

"North Korea, which had denounced the South in propaganda broadcasts for 10 hours a day, is doing it now for 13 hours a day and it (Pyongyang) has never given up its ambition of communizing the South.

"Under the circumstances, we cannot revise the National Security Law any more," the president said, according to presidential spokesman Chu Ton-sik.

With regard to Yi's request for support of his plans to visit North Korea, President Kim warned the DP chairman might be "caught up" in North Korea's strategy to communize the South.

Yi's plans to visit North Korea at a time when Pyongyang is trying to gain nuclear weapons capability are undesirable both for Yi and the country.

Commenting on the Uruguay Round, Kim said renegotiation of the global trade agreement is not possible,

while asking Yi to marshal opposition support for ratification of the accord at the National Assembly.

As for issues of political neutrality of the country's police forces, the president said the National Police Administration has already been launched for that purpose. "There was no need, however, to set up a new government agency for police neutrality in a small country like ours," Kim said.

Touching on implementation of the revised political bills that were just passed by the National Assembly, President Kim said there can be no ruling and opposition parties "in the sense that they (new laws) signal a renaissance of parliamentary democracy in this country."

The president also pledged to mobilize all administrative powers to crack down on those who break election laws during polls for the heads of local autonomous governing bodies in 1995.

"It does not matter how many law-breakers we catch," Kim said. "We will bring all of them to justice."

Yi told the president that the government should demonstrate its determination to implement the new political laws in order to foster a cleaner political climate.

The opposition leader also proposed that National Assembly proceedings be televised to help realize political reform.

On the National Security Law, Yi said it should be replaced with democratic law-and-order legislation or absorbed into the criminal code because the law as it stands now is liable to abuse.

With regard to the North Korean nuclear question, Yi said it should be resolved through negotiation among the three involved parties—the United States, and South and North Korea.

**Prime Minister Yi's Policy Influence Examined**

*SK1103092294 Seoul YONHAP in English 0840 GMT  
11 Mar 94*

[Article by Kim Myong-chol: "Yi Firms His Grip on Cabinet To Secure the Sphere of Power"]

[Text] Seoul, March 11 (YONHAP)—In the three months since he became the second prime minister of the Kim Yong-sam government, Yi Hoe-chang has tightened his grip on the cabinet and carved out a sphere of influence.

As one noteworthy example, he recently decided to discontinue subsidies to civil organizations thus far supported by the government such as the Saemaul (New Village) Movement without consulting beforehand with Chongwadac.

And on Thursday, he made important remarks on the internationally sensitive North Korean nuclear issue, a significant departure from his predecessors.

Widely known as a man of principle and conviction, Yi ordered Home Minister Choe Hyong-u on Tuesday to stop giving financial support to the Saemaul Movement, the Association for Just Living and other civil organizations, and to take steps enabling these movements to stand on their own feet.

The decision took many in the government by surprise, because he announced it without prior consultation with Chongwadae.

President Kim's aides at Chongwadae were unhappy, not only because they were not consulted in advance but also because they think it premature for the government to discontinue subsidies to civil movements.

"Civil movements should, in principle, be self-reliant and free from the government's influence and of the nature of volunteer services," he told reporters on Thursday. "When they use government funds for their programs, they can invite public distrust and misunderstanding, however good their cause may be, and this is why I decided to stop supporting them."

One of Yi's aides said, "It's true that he did not discuss the decision with any Chongwadae officials, but he must have had sufficient communication with President Kim on this matter."

Yi's way of announcing the decision was unique: He personally issued an order to Home Minister Choe, unlike his predecessors who made such announcements at cabinet meetings—almost without exception.

By giving an order to Choe, known as "a strong man" in the Kim Yong-sam government due to his long relationship with the president, Yi made it clear that Choe is but one of the cabinet members under his control.

All cabinet ministers are "real power," he remarked only days after he took office late last year.

In a meeting of related ministers just before the recent extraordinary parliamentary session, Yi hinted at a plan to reform government-funded civil movements.

When Home Minister Choe discussed a plan to reduce subsidies to civil movements gradually over a period of four to five years, Yi asked, "Is there any need for such a gradual approach?"

Then came his decision to stop handing out government funds to them once and for all.

On the North Korean nuclear issue, he warned on Thursday that the third round of high-level U.S.-North Korea talks would not take place and the suspended South Korea-U.S. military exercise "Team Spirit" this year would be held if the ongoing inter-Korean dialogue fails to make any headway.

This was an unexpected and exceptional warning by a premier, because almost all of Yi's predecessors made it a rule to avoid commenting on sensitive political and foreign policy issues.

Yi issued the warning at a press conference where he disclosed the results of a high-level strategic meeting of unification-related ministers he presided over that morning, indicating that he has a voice in any matters the government deals with.

He recently said he would meet the press at least once a month to make known his views on major problems facing the government.

One of his aides, who served several premiers before Yi, said, "He's a premier of the new generation," pointing to two things that make Yi different from his predecessors.

One is that Yi cares little about the reactions of senior presidential aides when he makes a policy and the other is that he asks for an exclusive meeting with President Kim whenever he considers it necessary.

Premier Yi, as the government's No. 2 man, ought to be that way in running the administrative branch. But his predecessors did not act similarly. For instance, one of them asked for the presidential secretariat's permission when he gave a small present to each reporter covering his office.

In addition to his weekly meeting with President Kim, Yi often has special in-depth talks with his boss, according to the prime minister's close associates.

Thanks to his frequent communication with President Kim and his firm grip on the cabinet, Yi can fully exercise his power as No. 2 man.

His grip on the cabinet is based on an ability to keep his wits about him when pressing tasks facing the government and his experience as a court judge passing judgment in criminal and civil cases.

His experience as a judge, which necessitates reading many case reports, helps him quickly understand many reports submitted by cabinet ministers and others.

He is particularly good at pinpointing faults in reports and is rather cold when criticizing his subordinates for making mistakes.

Recently, Economic Planning Minister Chong Chae-sok felt Yi's wrath for an error in his anti-inflation report, according to Yi's aides.

Yi ordered his aides to make a list of the steps he had promised to take at the recent interpellation session of parliament, saying he would check the list periodically to see if the steps have actually been taken.

Prime Minister Yi Hoe-chang is a man of his word.

**Expert Assesses Financial Reforms' Defects**  
*SK1103073194 Seoul THE KOREA TIMES in English*  
*11 Mar 94 p S-2*

[From the "Special Report" supplement; article by Yi Pil-sang, professor of finance and dean of planning and public relations at Korea University: "Defective Financial Reform Strands Economy"]

[Text] Upon its inauguration last year, the Kim Yong-sam administration launched a nationwide movement for a New Economy to be led by the people's participation and creativity. To this end, the economic staff of President Kim has been engrossed in pushing for financial reform.

The obsolescence of the finance sector had long been cited as a fundamental reason for manipulation of the economy by the rich and the powerful for their own monopolistic ends instead of it being nourished to provide benefits to all sectors of society. After thirty years of such manipulation, the income gap has widened to a point where it could spark social conflict, which could throw further economic development into a dilemma.

Against this backdrop, the implementation of the real name financial transaction system had given fresh hope to all. The real-name system was pushed decisively ahead in last August last [as published] by an emergency presidential decree as the core part of the administration's economic reforms. The real-name financial system was to eradicate all kinds of underground economic malpractices including speculative transactions and black market deals.

The second stage of interest rate liberalization was another achievement of the new administration. The second phase called for the liberalization of interest rates on all loans excluding government policy loans. The deregulation of lending rates was aimed at bringing financial market mechanisms back to normal in a bid to correct the distorted flow of funds. The prolonged control of interest rates had functioned as a nucleus giving birth to mammoth underground curb markets.

Despite the drastic financial reforms, they have failed to bring about hopeful surge in investment activities and equitable prosperity. The recent economic trend rather signifies the sufferings borne by the general public. During the first two months of this year consumer prices rose by 2.4 percent threatening already to surpass the target of 3 percent stipulated in the government's New Economy plan. Last year, the annual inflation rate was recorded at 5.8 percent, reaching far beyond the target level for the year. On the contrary, the rich extravagantly spent on imported goods with new money. Equipped with abundant liquidity, the rich play in the casino-like stock market. As a result the unprivileged still stand deprived of hope.

More gloomy the benefits of increased exports which are made by the appreciation of the Japanese yen are

monopolized by big businesses. [sentence as published] The lopsided business boom could tear the economy into two extremes, i.e., excessive boom for big businesses and serious suffering for small businesses.

The fundamental reason for the negative trend lies in that the financial reforms were pushed largely in the context of political show off. The primary purpose of the real-name system was to bring the underground markets out into the open, thus to lawfully divert unlawful funds into industrial purposes. Nevertheless, the government was just busy enough to trap illegal funds under their control utilizing tax probes.

Such a political and bureaucratic approach immediately produced an uneasy economic environment discouraging business activities. The depression of business activities was amplified by the significant increase in the collapse of small business firms. More than 40 percent of their funds had been secured from the curb markets. Upon implementation of the real name system, the curb markets were virtually frozen causing small business firms to suffer financial difficulties. Although the government instantly came up with measures to offer financial support, the effects bore little results.

What was important to the government was the fact itself that the real-name system was implemented rather than the content on how the new system would affect the economy. Actually, the real-name system implemented by the government did little but provide legitimacy to illegal financial transactions by the use of borrowed names. Out of a total of 33 trillion won in financial assets estimated to have been traded under non-real names, only six trillion were changed into real names, which implies some 27 trillion won of assets still are hidden under borrowed names disguised as real.

The government plan for the second phase of liberalization of interest rates was not effective either in terms of invigorating financial market functions and correcting underground financial transactions. The government did not allow free deposit rates under the second phase. After implementation of the real-name system, the liberalization that had been needed desperately was the decontrol of deposit rates. Affected by the real-name system, the underground funds were frozen and the velocity of money has significantly fallen. Meanwhile, the government has continuously supplied new money in a measure to rescue business firms from their financial difficulties. These two factors combined to put the economy into a trap of liquidity. Under this situation, the need for decontrol of deposit rates was absolute in order to have financial institutions absorb the excess liquidity and channel the funds into productive investment.

Most defective of the government's financial reforms, the independence of the central bank was put off for good. The revision of the law for an independent central bank was on the list of major election pledges made by President Kim. The independence of the central bank carries crucial importance as it halts the vicious political

business cycle. It is a general consensus among economists that only an independent central bank can pursue a stable monetary policy that may be politically unpopular yet in public interests.

The current uneasy economic trend may be termed as another vicious business cycle escalated by political pressure in the absence of the independence of the central bank. Immediately after taking office the administration unveiled a 100-day economic boosting measures in a bid to restore vitality to the stagnant economy.

The 100-day plan was not adequate at all as it did not take into account the structural dilemmas faced by the economy. After the collapse of the large bubble of speculation, the economy had been experiencing structural stagflation. Thus the prime economic task was to maintain a stabilization policy and then to reform the structure. Many economists pointed out that should an expansionary policy be adopted the stagflation would spread rapidly to every sector of the economy.

The 100-day stimulus plan was considered by economists as a political scheme to turn the economic trend into a mood of celebration. The 100-day plan called for massive expansion of money supply, pushing business firms to initiate new investment ventures. Concurrently the plan called for sharing the pain asking workers to abide by low wage increases and business firms to freeze prices of goods to control inflation. During the 100-day plan some six trillion won in new money was poured into the economy. The new printing of money did not stop here. In the wake of implementation of the real-name system, the government initiated another round of injecting new money to soothe adverse impacts. With this, some four trillion won was printed. Meanwhile the liberalization of interest rates brought about a third phase of money expansion as a measure to reduce a possible hike in market interest rates. Some two trillion won was again released on this account. As feared in the beginning, the money expansion set inflation on fire which is now pushing the economy into a state of disorder.

To make matters worse, the government has successively yielded to foreign pressure to open domestic financial markets. Last year some five trillion won in foreign funds flowed into local securities markets as hot money to blow a speculation wind. Encouraged by the inflow of foreign funds the stock market index rose to nearly 1,000 points which is the highest since 1989. The massive inflow of foreign capital raises public concern that it paralyzes economic stabilization by making monetary policy impotent in controlling money supply. This year, another 10 trillion won in foreign funds is yet to come.

Overall, the defective financial reforms are producing an economic quagmire. Thus corrective measures are needed to remedy the limping real-name system, such as early implementation of the global income tax system. Without a global tax system, the real-name system functions little because the system has no tool to penalize

illegal transactions. Once the global system is installed, the lenders of names will have to pay taxes. Thus, the irregular transactions under assumed names would disappear.

From the legal point of view, a legislative measure is necessary to outlaw financial transactions under assumed names.

The decontrol of deposit rates remains another task of the government. The controlled low deposit rates continuously discourage national savings making scarce funds available for industrial purposes. From this, the problem of printing new money and the rise in underground curb markets has naturally stemmed.

The revision of the central bank law must be hurried in order to have the financial reforms function the right way.

To root out irregularities, the severance of the unhealthy tie between politics and economics is a prerequisite. It is a tie that has subordinated the central bank to the Ministry of Finance as a window to print money.

The Ministry of Finance has had the central bank serve virtually as a money pump for political spending. With no power to resist this, the central bank could only wring its hands as the economy endured disastrous inflation of 20 to 30 percent per year. The painful experience of money pumping was repeated again last year.

The financial reform plan made by the government includes the major overhaul of the existing financial industry structure to modernize the obsolescent market system under the heavy-handed guidance of the Ministry of Finance. A serious concern rises that the government's determination of business boundaries for each financial institution and restructuring of the financial industry may rather deteriorate the development of financial market functions because it will legally erect entry barriers and limit free business activities. The arbitrary government intervention has been the major cause for the prolonged obsolescence of the finance industry in Korea. The government plan may well be regarded as another bureaucratic attempt to build an iron wall against the growth of market viability.

The ultimate choice for the government to take is to allow full-fledged deregulation and let financial institutions determine autonomously the relevant industry structure and operation rules to their liking. If a free hand is given, a competitive market mechanism will be formed to push each institution to develop its own specialty for survival. And the efficient industry structure will emerge as an evolutionary process based on market needs in a long run perspective.

#### Minister Launches New Deep-Sea Salvage Boat

SK1103082594 Seoul YONHAP in English 0212 GMT  
11 Mar 94

[Text] Pusan, March 11 (YONHAP)—A 3,000-ton-class deep-sea salvage boat was launched here Friday with

nearly 500 officials attending, including Home Affairs Minister Choe Hyong-u and the head of the National Maritime Police Agency, Pak Il-yong.

The ship, christened "Pacific,"—104.7 meters long, 15 meters wide and capable of reaching a top speed of 40 km/h—cost 39.8 billion won and construction took 45 months.

Hyundai Heavy Industries Co. built the vessel, which can carry one helicopter and sail 8,500 miles for 30 days without refueling.

It is also equipped with one undersea exploration device, capable of diving 1,000 meters below the surface, a remote-control camera that operates at a depth of 500 meters, and one towing facility which can pull 250,000 tons.

In addition, the vessel boasts one vulcan anti-aircraft gun with a top range of 4,500 meters.

The Pacific, whose home base is Pusan, will perform salvage duties in remote waters and in conditions when waves reach five to six meters.

#### Administration Not To Favor Large Companies

SK1103075194 Seoul THE KOREA TIMES in English  
11 Mar 94 p 8

[Text] The administration decided to rule out favoritism for large companies in the course of disposing of government equities of 23 state-financed corporations to the private hand as part of efforts to minimize potential backlash of privatization.

It will finalize detailed ways and means of their privatization with enough time, not sticking to the previously-set deadline of September.

The decision was made by senior officials from relevant ministries in a meeting convened by Vice Economic Planning Minister Han I-hun Wednesday which focused on reviews of problems which could arise in the privatization process, officials present at the two-hour session said yesterday.

It came after critics blamed the administration for commissioning the Federation of Korean Industries, a lobbying group of conglomerates, to select the winning bidder for the second cellular phone business license and letting some chaebols [business conglomerates] share interests in this project.

Concrete measures will be determined later but officials were initially inclined to divide business scopes of Korea Gas Corp. [KGC] into several parts and put them under the control of private investors to lead them to competition.

In this regard, each supply network and station of liquefied natural gas will have a different largest shareholder. KGC is subject to privatization next year.

A golf course in the Cheju resort of Chungmun, run by Korea National Tourism Corp., will be placed on a public tender after thorough assessment of its value by August.

Officials will keep deliberating on whether or not they will allow National Agricultural Cooperative Federation to maintain the controlling share of 25 percent in Namhae Chemical Corp., a chemical fertilizer producer, for stable supply of the key farming material.

However, they will positively consider permitting the participation by large companies in a bidding for the purchase of Hanjung shares because the giant firm will not be managed effectively without their involvement.

Hanjung, formerly Korea Heavy Industry & Construction Co., will be handed over to private shareholders gradually after 1996 when it will lose its 15-year authorization to solely supply large power generating facilities.

#### Firms Turn Increasingly to Direct Financing

SK1103084394 Seoul THE KOREA TIMES in English  
11 Mar 94 p S-3

[From the "Special Report" supplement by staff reporter Cho Chae-hyon: "Enterprises Increasingly Raise Funds Through Direct Financing"]

[Text] Enterprises are changing the way they raise funds to increasing reliance on direct financing such as issuing stocks and bonds.

It has been pointed out that domestic industrial firms have excessively relied on borrowing from financial institutions and their capital structures are a far cry from being as strong as foreign firms'. The more they borrow from financial firms, the more they have to pay in interest, which results in blunting their competitive edge against foreign counterparts.

As financial liberalization rolls on, firms will be given more diverse opportunities to raise funds at cheaper costs than before. As the government is moving to give more opportunities for firms to raise funds by issuing bonds and stocks, it is predicted that they will continue to increase their dependence on direct financing, refraining from borrowing from banks and short-term financing firms.

At present, domestic industrial firms are relying heavily on borrowing from banks and nonbanks to raise funds as they are relatively restricted in doing so overseas and by issuing shares. Out of total funds raised by firms, an average of about 40 percent has come from borrowing from banks and nonbanks since 1990, according to statistics furnished by the Ministry of Finance and Economic Planning Board. For 1993, enterprises borrowed 16 percent of their total outside borrowings including direct and indirect financing from banks and 25 percent from nonbanks. It shows they are more dependent on nonbanks than on banks when they

borrow. By comparison, their indirect financing ratio against outside borrowing was 38.4 percent in 1990, 43.7 percent in 1991 and 38.2 percent in 1992.

The direct financing ratio against outside borrowing sharply rose last year. It was 42.4 percent in 1990, 37.3 percent in 1991 and 37.6 percent in 1992 before it rose to 50 percent last year. But the direct financing ratio is still far lower than that of economically-advanced nations, indicating that domestic firms should further be encouraged to raise more funds by issuing stocks and bonds, and increasing loans in overseas financial markets.

In particular, the ratio of overseas borrowing against outside borrowing remains at a negligible degree. Many domestic enterprises have enhanced their credit ratings in overseas financial markets so they can raise funds overseas taking advantage of their high credit ratings.

But they are heavily restricted from doing so by the government's tough stance against borrowing overseas. The government has banned industrial firms from getting commercial loans overseas in order to counter the surge in foreign capital inflow.

Against this backdrop, the ratio of overseas borrowings to outside borrowings was 6.8 percent in 1992 and a meager 0.8 percent last year.

By comparison, domestic companies are more heavily dependent on indirect financing than Japanese firms, according to a survey compiled by a research institute affiliated with Citizens National Bank. Japanese firms are increasing their dependence on direct financing as they raised 57 percent of their outside borrowings through direct financing in 1990 and 69.7 percent in 1992. The ratio for Korean firms was 42.4 percent in 1990 and 37.6 percent in 1992.

The research institute said Japanese enterprises maintained close relations with banks and relied heavily on bank loans until the 1970s but they continued to reduce their borrowings from banks since the 1980s. The report said that since the first oil-shock, companies had to be active in reducing their borrowings from banks because of the sharp drop in their earnings in the wake of the oil-shock. Japanese firms were freer than Korean firms in borrowing overseas, thanks to the financial market deregulation there and the promotion of their credit ratings in world financial markets. Japanese firms were able to raise their dependence on direct financing by increasing issuance of additional shares, accumulating profits and issuing bonds overseas, it said.

The report said that Japanese banks tried to increase their capital by attracting outside funds through issuing additional shares and were able to reduce their funding costs by tapping foreign loans through floating bonds overseas.

According to the report, Japanese firms mobilized all possible measures to cut their funding costs as much as possible by analyzing foreign exchange rates and interest rates overseas.

Despite the Korean firms' smaller dependence on direct financing, it is expected that they will be able to raise more funds through direct financing methods in the years to come. In a recent report, the Economic Planning Board forecast that domestic business concerns will rely more on direct financing than indirect financing and will increase borrowings overseas due to the on-going financial market liberalization. It predicted that companies listed on the Korea Stock Exchange will be able to issue additional shares and a growing number of companies will be allowed to go public as Seoul stock market conditions improve despite ups and downs in the stock index.

The government announced a series of measures to cool down the stock market last month that included an increase in supply of stocks in the market. Thus it will be a lot easier for firms to issue additional shares on the Korea Stock Exchange this year.

The prevailing perception in the financial market is that firms will have to reduce their borrowings from banks partly because the financial authorities are calling on banks to refrain from extending excessive loans to firms in order to control growth in the total money supply.

Accordingly, bank loan operations are changing. In the past, banks passively waited for borrowers to come to them but now they go out to find borrowers. Banks are moving to offer new financial services in which they give financial information to enterprises about the best methods to raise funds at the lowest possible interest rates after analyzing foreign exchange rates and interest rates. A banker said that what bank employees are doing now is making phone calls to big business groups to entice them to use funds, a turnaround from their past loan operations. Banks have to double their efforts to develop new promising companies as their major clients as big business groups, which are major clients for them, will continue to shun them as financial market liberalization gains momentum.

It is desirable for industrial firms to increase their dependence on direct financing because it will strengthen their financial and capital structures, many central bank officials said. In order to increase their dependence on direct financing, they will have to scrap past business styles in which they increased facilities to the extent that the supply of goods surpasses the demand. When they keep increasing investment in facilities or plants without sufficiently reflecting market conditions and their financial status, they will have to continue to increase their dependence on indirect financing, which will result in worsening their capital structures.

**Citibank Foreign Exchange Outflow Investigated**  
*SK1103092694 Seoul YONHAP in English 0847 GMT*  
*11 Mar 94*

[Text] Seoul, March 11 (YONHAP)—The Office of Bank Supervision is investigating a report on the alleged outflow of foreign exchange at Citibank's Seoul branch.

An official at the office said, "we are investigating the Seoul branch of Citibank after it was reported that the bank secretly sent out an enormous amount of money to a foreign country in a transaction with a religious group."

"NAEIL SINMUN," a weekly newsmagazine, reported in a recent issue that the Seoul branch of Citibank accepted a deposit of more than 10 billion won (about 12.36 million U.S. dollars) at low annual interest rates of 1-6 percent and had Citibank's Hong Kong branch illegally pay a person affiliated with the religious group 1.3 billion won.

According to the report, Citibank drew up an interest swap contract with a company in Hong Kong to provide an annual 8.84 percent forward exchange rate in June 1991 and to receive spot exchange rates slightly higher than the London inter-bank offered rate (libor).

The bank claimed to have suffered a loss in the contract, which said it should pay higher interest than the actual rate, while in reality giving a sum equal to the loss through Citibank's Hong Kong branch to someone designated by the religious group, the report said.

NAEIL SINMUN reported that Citibank's Seoul branch paid a relatively high interest rate, while international interest rates were dropping, because it intended to send foreign exchange to a foreign country under the pretense of a legal final transaction.

Citibank said the Hong Kong company with which it made the swap contract is a British bank, but failed to explain clearly why the firm is not registered in the colony.

Citibank said, however, that the religious group's deposit and the swap contract are unrelated and that banks often suffer losses in swap transactions.

The bank claimed that NAEIL SINMUN wrote a distorted report, saying, "We are studying legal action against the weekly."

**Many Imported Farm Goods 'Unacceptable' in 1993**

*SK1103113394 Seoul YONHAP in English 1103 GMT*  
*11 Mar 94*

[Text] Seoul, Mar. 11 (YONHAP)—Nearly half of the foreign farm goods, plants and horticultural items imported last year were found unacceptable due to blight and harmful insects.

According to the National Plant Quarantine Service on Friday, 74,520,000 tons of imported grains and special crops were found unacceptable.

The amount accounted for 44.1 percent of the total brought into the country last year.

By item, the "unacceptable" goods represented 75 percent of the total corn imported last year, 74.3 percent of raw coffee, 38.7 percent of sesame, 35.1 percent of red bean, 33.3 percent of soy bean, and 8.9 percent of wheat.

The quarantine service had importers exterminate blight and insects before the items affected were cleared through the customs. Those which could not be properly disinfected were discarded.

The imported items discarded last year included 502 tons of acorns and 309 tons of dried fernbrakes, both from China, and 28 tons of grapefruits from the United States.

**Burma****U.S. Radio Free Asia Called 'Interference'**

*BK1003153294 Rangoon Radio Burma in Burmese  
1330 GMT 10 Mar 94*

[Text] It has been learned that the United States Senate decided on 2 February to establish Radio Free Asia which will carry news and commentaries on developments in Asian countries, including Myanmar [Burma], the PRC, Cambodia, Laos, and Vietnam. In this connection, the director general of the Political Affairs Department of the Ministry of Foreign Affairs has invited the charge d'affaires of the U.S. Embassy and expressed regret over the matter.

The director general said that there are countless public and private radio stations in Asia broadcasting 24 hours per day. He said the latest developments on Myanmar are being reported by Radio Burma and foreign broadcasting stations, including VOA, and that they can be tuned in for 24 hours. Furthermore, those interested can get news on Myanmar and international events from the satellite service. Local people now have the right of continuous access to both Myanmar and international news. Therefore, the establishment of Radio Free Asia is not necessary and it amounts to interference in the internal affairs of Asian countries, including Myanmar. Such an attempt cannot be viewed as a constructive contribution toward promoting Myanmar-U.S. relations.

**Maung Aye, Khin Nyunt Inspect Ye-Tavoy Railway**

*BK1103092694 Rangoon Radio Burma in Burmese  
1330 GMT 10 Mar 94*

[Excerpts] Lieutenant General Maung Aye, deputy commander in chief of the Defense Services, and Lt. Gen. Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC], left Yangon [Rangoon] by air on the afternoon on 9 March accompanied by ministers and responsible officials. They arrived at Tavoy Airport in Tenasserim Division at 1445.

The deputy commander in chief of the Defense Services, secretary-1, ministers, and their entourage were briefed on the location of the median route for the Ye-Tavoy railway line as well as the earthwork, stone paving, laying of railway sleepers and rails, bridge construction, budget situation, project progress, and future tasks. The briefing was given in the Airport Hall by Major General Kett Sein, commander of the Southeast Military Command Headquarters; Colonel Mya Nyein, chairman of the Tenasserim Division Law and Order Restoration Council; Rail Transport Minister U Win Sein; and U Aung Thein, director general of Myanmar [Burma] Railways. [passage omitted]

The deputy commander in chief of the Defense Services and secretary-1 then boarded helicopters to inspect the

Ye-Tavoy railway construction project and meet with members of district and township law and order restoration councils, departmental officials, members of the Union Solidarity and Development Association [USDA], members of the Red Cross Brigade, the Fire Services Brigade, and local people at the office of the local township law and order restoration council. Strategic Commander Col. Thura Thiha Thura Sit Maung then detailed the progress of the Ye-Tavoy railway line project.

Speaking at the meeting, Lt. Gen. Maung Aye said that during the time the SLORC holds state powers, it is constructing new railway lines in states and divisions in order to provide smooth transportation. He expressed his satisfaction at seeing local people willingly and competitively participate in the project in order to bring about development in their respective areas. He said the state is providing vast sums of money, both in local and foreign currencies, for the railway construction projects. He urged the departmental authorities and local people to participate actively and cooperate in the project. He also spoke on forest conservation, expansion of agricultural enterprises, and expansion of oil palm and rubber plantations.

Next, SLORC Secretary-1 Lt. Gen. Khin Nyunt addressed the meeting. He said he had come to Ye along with the deputy commander in chief of the Defense Services and ministers to inspect the progress in the construction of the Ye-Tavoy railway, which is being undertaken for the sake of local development, and to provide the necessary assistance.

Lt. Gen. Khin Nyunt said that during the time it holds state powers, the SLORC is working for national development and to improve the standard of living of the indigenous people. He said the prevalence of law and order and local peace and tranquility are the main prerequisites for carrying out national development tasks. He said all citizens should work hand in hand, in unity, and with zeal and diligence in the name of national progress. The SLORC has invited the armed organizations in the jungle to return to the legal fold in order to work hand in hand.

He said that armed organizations in Mon State understood the state government's invitation and held an initial round of talks with us. Preparations are underway for the second round of talks. He expressed his hope that the armed organizations in the Mon State will return to the legal fold following the second round of talks.

Continuing, Lt. Gen. Khin Nyunt explained that the USDA is the most fundamental organization for the entire Union and that the objectives and aims of the organization are based on the spirit of patriotism in striving for the emergence of a modern nation. Therefore, he said, he urged the entire general public—including public servants—to work for the further expansion and strengthening of the USDA. He said while it is necessary for all armed organizations in the jungle to

make joint efforts in striving for the emergence of Myanmar as a modern nation, it is necessary for all indigenous people to participate with diligence and zeal. [passage omitted]

After the meeting, the deputy commander in chief of the Defense Services, secretary-1, and ministers returned to Tavoy at 1615 and spent the night there.

### Brunei, Malaysia & Singapore

#### Malaysia

##### Mahathir Reaffirms Decision Against UK Firms

BK1103092094 Kuala Lumpur BERNAMA in English  
0708 GMT 11 Mar 94

[Excerpts] Kuala Lumpur, March 11 (OANA-BERNAMA)—Malaysia's prime minister, Dr. Mahathir Mohamed, said Malaysia sympathised with the workers in Britain who faced losing their jobs in the wake of Kuala Lumpur's decision not to entertain British companies in awarding government contracts.

Nevertheless, the government could do nothing to withdraw the decision because when contracts were given to British companies, the government was assailed by baseless allegations by the British mass media and even some political leaders of that country. "As such, if we do not give contracts to British companies, there will be no accusations. Should we give profits to the British companies so that they (the media and some political leaders) can hurl accusations at us?" he told reporters here Friday.

Trade Union Congress (TUC) General Secretary John Monks was reported to have written to British Trade Minister Richard Needham to express the concern of trade unions about the damaging consequences for jobs in British industry if the current restriction on the involvement of British companies in government projects imposed by the Malaysian Government was not lifted. News reports today said TUC also wrote to the Malaysian Trade Union Congress (MTUC) to seek its help in appealing to the government to withdraw the decision. [passage omitted]

Asked to comment on the TUC concern, Dr. Mahathir said it should urge the newspapers in Britain—the source of the problem that led to Malaysia's action—to stop publishing lies about the country rather than asking help from the British Government and MTUC to resolve the situation. By right, they should urge their newspapers. We ask for very little... That is, don't tell lies, he added. Dr. Mahathir said Malaysia's request was not difficult to fulfil because all that was needed was courage to tell the truth. Say what is true. If people are not involved in bribery, don't say there is bribery. If it is a loan and not a grant, say it is a loan and not a grant. He said, however, that the mass media in Britain appeared to consider telling lies as forming part of press freedom. Malaysia

does not agree with that view because press freedom was limited to reporting the truth and did not extend to making false allegations or condemning someone, he added.

If they (the newspapers in Britain) continue to do so, it is difficult for us to consider the interests of the workers in Britain. We must give priority to our nation, he said when asked if the government would withdraw its decision should MTUC make an appeal on behalf of TUC. Dr. Mahathir was also asked if he would write to THE SUNDAY TIMES, London to seek that it correct its report containing the allegations of bribery made against Malaysian politicians and himself by reporting the truth. It's of no use for me to write to THE SUNDAY TIMES which does not in the least feel at fault because they are the one who started all this, he said.

He added, however, that THE FINANCIAL TIMES (London) had asked him for an explanation of the cabinet decision. I received a letter from THE FINANCIAL TIMES, not SUNDAY TIMES, asking me to give my views. I might give some explanation.

He said Malaysia's action had nothing to do with allegations in the British press about a linkage between Malaysia's purchase of military equipment from Britain and British aid for construction of the Pergau hydroelectric dam in Kelantan.

##### Bank Currency Controls, Economic Moves Viewed

BK1103110394 Kuala Lumpur Voice of Malaysia in English 0800 GMT 11 Mar 94

###### [Station commentary]

[Text] Despite having depreciated against some major currencies of late, the Malaysian ringgit is still fundamentally strong. Its current down-slide is mainly due to a temporary adjustment process. Many partners have been forced to sell their right to [word indistinct]. This is due to measures instituted by Bank Negara, the Central Bank, to curb speculative inflow of funds.

Most foreign currency payers had been buying huge amounts of Malaysian currency given its high interest rate and because they wanted to gain by investing from the booming stock exchange. The solid fundamentals and confidence in the Malaysian economy had never been stronger. It is therefore not surprising that the Kuala Lumpur Stock Exchange performed extremely well. It recorded a volume of 107.8 billion shares in volume valued at 387.3 billion ringgit in 1993. This was unprecedented and surpassed even the total volume and value of shares traded over the past 20 years.

What happened was that funds flood in significantly, putting extreme pressure on the liquidity in the banking system and pressure on interest rate. Therefore, the Central Bank had to intervene to bring about stability in the financial system. Of course, mopping up the excess liquidity in the bank system was a costly affair for Bank

Negara. However, had it not been done the price of inaction would have been even more damaging. It would have resulted in runaway inflation. Therefore, Bank Negara's recent spate of measures are to ensure that funds only flow in for genuine investment purposes. The move is also vital in ensuring the country's economic growth and stability.

These measures are long-term and should not be construed as moves to further regulate the economy. But at the same time, it does not go against the principles of liberalization, which Malaysia opposes. But being a small economy, there has to be certain amount of protection of the local currency. It cannot be left entirely to global market forces. This is because there are companies large enough which can struggle against the ringgit and in the process disrupt the steady growth of the economy. After all, it is the rule of the Central Bank to maintain price stability by keeping a check on inflation.

Economic growth is meaningless if accompanied by too high an inflationary rate. Therefore, Bank Negara should be lauded for its cautious policy [word indistinct]. The result can be seen the government being able to record an overall balanced budget in 1993 [as heard]. The Central Bank has always proved a guiding hand in moving the economy towards a more sustainable growth fund. It is in this light that foreign institutions should see the role of Bank Negara and the measures it is taking. After all both Malaysians and non-Malaysians alike stand to gain from the continuous prosperity of the country. Its future depends on the ability to strike a fine balance between growth and stability. And Bank Negara has done a fine job in achieving both.

**Editorial Regrets PBS Victory in Sabah**  
*BK1003143594 Kuala Lumpur UTUSAN MALAYSIA  
in Malay 22 Feb 94 p 6*

[Editorial: "Sabah Residents Face an Uncertain Future"]

[Excerpts] Datuk Joseph Pairin Kitingan, president of PBS [Sabah United Party], was sworn in as Sabah chief minister by Sabah Governor Mohamed Said Keruak last night. [passage omitted] Sabah residents are now facing an uncertain future under a state government which has only a two-seat majority in the elections, which saw the PBS win 25 seats and the National Front 23 seats.

The only consolation for Pairin against the background of this unstable political situation is a clause in the Sabah state Constitution which allows him to appoint six more state assemblymen. The appointment, announced by Pairin last night, has enabled PBS to have 31 seats in the Sabah State Legislative Assembly.

While the said clause is a unique feature of the Sabah Constitution, it is also the biggest obstacle toward democratic process and people power in that state. The people's right to elect state assemblymen of their choice is definitely curtailed by such a clause and the PBS has

suddenly increased its slim majority. The clause is also unfair to nearly half the Sabah voters who voted in favor of the National Front candidates in the recent election. In this connection, Justice Minister Datuk Syed Hamid Jaafar Albar noted that the said clause is against the Malaysian Constitution and should be reviewed. To ensure a fair political process, the clause should indeed be reviewed.

The Sabah residents now must share the burdens of PBS's weak government because PBS leaders will always think of their precarious position first. In such a situation, they will pay more attention to their political survival rather than the people's welfare.

People are also interested in knowing how long the new Sabah government will last and to what extent the PBS election promises will be fulfilled. [passage omitted] This explains why he has said he wants to meet and hold talks with Prime Minister Datuk Sri Dr. Mahathir Mohamed to discuss various issues. In view of the massive anti federal propaganda waged by the PBS during its election campaigns, Pairin's sincerity in this case is questionable. Besides, because of the solid presence of the National Front in Sabah, Pairin's initiative is out of place. The truth is that Pairin is distressed over the fact that a weak Sabah government may make PBS supporters change their minds and loyalty. Even though he is now chief minister, Pairin is now apparently scared of his own shadow.

### Singapore

#### **Editorial Tells U.S. Not Interfere in Caning Case**

*BK1003162094 Singapore THE STRAITS TIMES in English 10 Mar 94 p 26*

[Editorial: "Spare the Rod, Mr. Clinton?"]

[Text] What is one to make of the President of the United States intervening on behalf of an 18-year old American citizen living in Singapore who had been punished for breaking the law after an open trial? The rights of Michael Fay, the boy in question in a case of vandalism, had not been violated. This was acknowledged by the U.S. Charge d'Affaires, Mr. Ralph Boyce. For the record, President Bill Clinton was not suggesting that, either. He was careful to confine his protest to the Singapore Government to the caning portion of the sentence, the part he found "extreme". He said he hoped this would be "reconsidered"—after paying due recognition to Singapore's sovereign right to exercise the law in its jurisdiction. Indeed it would; an appeal is pending against the sentence, which was four months' jail, six lashes and a fine of \$3,500. As with all appeals, the courts will dispose of this one without undue delay and in strict conformity with the law and the facts of the case. The verdict will take no account of extraneous influences and factors, a fact which Americans who are known to cherish the primacy of the written law should have no difficulty appreciating.

Incredulity would be the reaction of many a Singaporean who learns that the world's most powerful politician, upon prompting from a reporter's question in the White House last Friday, has taken a personal interest in a case which concerns neither political hostage-taking nor a breach of national security. The President must be a busy man. The strain of putting out fires abroad (Bosnia, Somalia, difficult relations with China and Japan) and shepherding a controversial health-reform package at home has now been compounded by a deepening personal crisis as he and his wife, Hillary, face an investigation into a land deal they were party to in their early years. But then, incredulity might turn to approval among some that Mr. Clinton, burdened as he is had stood up for a fellow American in his belief—that privilege he is entitled to—that the boy had been dealt with harshly. American politicians have to answer to demanding constituents, yes. A subject for political enjoinder can be as big or as trivial as the public chooses to make it. Singaporeans who find his intervention objectionable need to understand that heroic gestures go down well with the American public. Though this case clearly qualifies as interference by the White House, they gain nothing by overreacting. Better a cool and dignified response. Singaporeans have no reason to be defensive about the stringency of the laws they live by and which foreign nationals domiciled here are subject to. This principle is accepted, it is non-negotiable.

The Government's response to American pressure has been proper, firm and clinical. It has set out the facts of past prosecutions for vandalism and the equal weight of the law applied, whoever the accused was. Thirteen Singaporeans were among 15 persons aged between 18 and 21 who received jail and caning sentences in the last five years. This should end the argument. The American Chamber of Commerce here, while "shaken" by the caning order, volunteers that Singapore's aggressive enforcement of law and order (its words) is one reason this is an attractive place to live and do business in. Singapore neither seeks nor gets chuffed by such observations. It is just one of numerous societal benchmarks it chose to set for itself. Governments whose nationals have breached these standards must accept that it is improper to do anything which might influence the course of justice. An Australian arrested with eight other foreign students, including Fay, last October jumped bail. He is thought to have fled the country. Cases against a Malaysian, a Hongkonger and a second American are pending. The Malaysian and British authorities have kept clear—decorously. The U.S. Government, having monitored the Fay case since his arrest, as is its convention of helping nationals in distress abroad, should have known when to back off.

### Laos

#### DPRK Party Delegation Arrives, Holds Talks

BK1103041094 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 11 Mar 94

[Text] Yesterday, a Lao People's Revolutionary Party [LPRP] delegation led by Thongsing Thammavong,

Political Bureau member and head of the LPRP Central Committee's Organizing Committee, held talks with a Workers Party of Korea [WPK] delegation led by Hwang Chang-yop, member of the WPK Central Committee Secretariat. The talks took place at the meeting hall of the LPRP Central Committee office in Vientiane. During the talks, the two sides briefed each other on their achievements in carrying out socioeconomic development work in all fields in their respective countries. They noted achievements in the agricultural, economic, trade, cultural, and social fields as well as in national defense and maintenance of public security, party building work, and the increasing development in other fields. The two sides agreed to strengthen the solidarity between the two parties and consolidate and enhance the already-normalized relations.

Earlier, the WPK delegation laid a wreath at the monument to unknown combatants who have sacrificed their lives for the Lao nation.

The WPK delegation arrived in Vientiane at noon on 10 March. It was accorded a warm welcome by Thongsing Thammavong, Political Bureau member and head of the LPRP Central Committee's Organizing Committee. Also on hand to welcome the delegation was Chang Yong-chun, ambassador extraordinary and plenipotentiary of the DPRK to the Lao People's Democratic Republic, and many high-ranking cadres. The WPK delegation is scheduled to stay in Laos for four days, during which it will visit the Lao-Thai Friendship Bridge and some cultural establishments in Vientiane Prefecture and Vientiane Province. It is also scheduled to meet with the party unit of the Nam Ngum hydroelectric dam.

#### Defense Minister Tours SRV; Returns Home 8 Mar

BK1003155894 Vientiane Vitthayou Hengsat Radio Network in Lao 1230 GMT 10 Mar 94

[Text] Comrade Lieutenant General Choummali Sai-gnason, member of the party Central Committee Political Bureau and national defense minister, and his party, at the invitation of the SRV national defense minister, arrived in Hanoi on the evening of 5 March to pay a friendship visit to the SRV.

At the guest house of the SRV National Defense Ministry, Comrade Lt. Gen. Choummali Sai-gnason and entourage were accorded a grand welcome by Comrade Gen. Doan Khue, member of the Communist Party of Vietnam [CPV] Central Committee Political Bureau and SRV national defense minister; comrade deputy ministers; chiefs and deputy chiefs of the General Staff, General Political, and General Logistics Departments; and many senior ranking officers of the Vietnamese People's Army [VPA].

At 1730, our high-level military delegation paid a courtesy call on Comrade Do Muoi, general secretary of the CPV Central Committee. Comrade Lt. Gen. Choummali Sai-gnason conveyed greetings and a tribute from our

party and state leaders to Comrade General Secretary Do Muoi. The comrade general secretary of the CPV Central Committee hailed the delegation's visit to the SRV, noting that relations and cooperation between Laos and Vietnam, especially between the National Defense Ministries of the two countries, are growing stronger with each passing day.

On the evening of the same day, Comrade Gen. Doan Khue hosted a reception in honor of our Lao military delegation. The VPA art troupe also entertained our delegation with a performance at the reception.

On 6 March, after paying respects to the remains of the late President Ho Chi Minh, at the meeting hall of the SRV National Defense Ministry, the high-level military delegation of the Lao People's Army [LPA] headed by Comrade Lt. Gen. Choummali Sai-gnason and the high-level military delegation of the VPA headed by Comrade Gen. Doan Khue held talks to exchange views on the situation in each country. They also assessed the achievements of their mutual relations and cooperation in the past and consulted each other on various issues for future cooperation. On the afternoon of the same day, the Lao military delegation paid a visit to the 308th Division and the 102d Armored Regiment located 30 kilometers northwest of Hanoi. At the 308th Division, the delegation was warmly welcomed by Major General Nguyen Ho Hieu, commander of the 1st Military Region, and heard a report on the division's performance from Comrade Lieutenant Colonel (Van Su Kao), division chief of staff.

On the evening of 7 March, the delegation visited the VPA political and military academy and was welcomed by Comrade Major General (Xuan Te Thien), chief of the academy, and many staff officers. The academy chief expressed gratitude for having the honor to welcome the high-level LPA delegation. Our comrade national defense minister also planted a tree at the academy to mark his visit.

On 8 March, a ceremony was held between the two sides to sign a cooperation agreement in various fields for 1994. Signing the agreement for the Lao side was Comrade Lt. Gen. Siphon Phalikhan, deputy minister of national defense and chief of the LPA General Political Department. The VPA was represented by Comrade Nguyen Thoi Bung, deputy minister of national defense in charge of foreign affairs. The high-level LPA delegation returned home on the afternoon of the same day.

The visit to the SRV by our high-level military delegation was crowned with brilliant success.

#### **Amendments to Investment, Labor Laws Debated**

*BK1103093794 Vientiane KPL in English 0857 GMT  
11 Mar 94*

[Text] Vientiane, March 11 (KPL)—The third ordinary session of the National Assembly (third legislature) yesterday, its second day of working, continued with discussions on amendments to some laws, particularly the

foreign investment laws in Lao PDR [People's Democratic Republic] and the labour law, presented by National Assembly Vice President Khambou Sounisai, head of the National Assembly Law Commission.

The amended foreign investment law which was enforced in 1988 and consisting of four chapters with 32 articles, is now called the foreign investment promotion and management law in Lao PDR consisting of five chapters with 31 articles, while the labour law enforced in 1990 with 14 chapters and 50 articles, now consists of 15 chapters with 61 articles. Some additions and deletions have been made to and from the two laws, making them more succinct and suitable to the changing situation, corresponding with the present circumstances.

#### **Detox Center Opens; Addict Numbers Estimated**

*BK1103110594 Vientiane KPL in English 0913 GMT  
11 Mar 94*

[Text] Vientiane, March 11 (KPL)—The first village based detoxification and rehabilitation programme for opium addicts in the Lao PDR [People's Democratic Republic] opened this week in Pha Lavek, Vientiane Province, according to a UN Drug Control Program's [UNDCP] press release.

The UNDCP highland integrated rural development project started the three week-long trial with support from a medical back-up team from the northern drug dependence treatment centre in Chiang Mai, Thailand.

Twenty-one addicts voluntarily enrolled at the new unit in Nam Khian village, Pha Lavek, to take gradually reduced levels of twice-daily administered opium tincture. Medical check-ups, vocational training, and social activities are also part of the programme.

The participants in the detoxification programme are accompanied by community health workers from their own village who will continue to assist with rehabilitation upon their return home.

The team from Thailand, led by Dr. Charun Chittiwutikan, is providing training for health workers in detoxification procedures, including the proper dosing of opium addicts to minimise withdrawal symptoms.

Village elders and government officials joined project staff and the community for the detoxification programme's opening ceremony.

A village "shaman" and a "witch doctor" performed traditional ritual at the new unit, including discarding used opium pipes into a nearby stream. Specially composed songs in the Hmong language warning of the perils of opium dependency were sung, and prizes for children's anti-opium art and a poetry competition were presented.

Within the project area there are estimated to be 97 addicts of whom 70 have said they want to end their drug dependency. There are an estimated 40,000 addicts living in the Lao PDR.

Many of the addicts said they had become opium dependent after taking the drug for a health problem and now wanted to give up the habit mainly for economic reasons.

UNDCP's highland integrated rural development project, which started in July 1989, is implementing development activities to create economic and social conditions which eliminate the need to grow opium for commercial purposes. Establishing an efficient and effective community based health care system is an integral part of the project.

### Thailand

#### Embassy in Egypt Alerted on Terrorist Threat

BK1103121294 Bangkok *Voice of Free Asia in Thai*  
1030 GMT 11 Mar 94

[Text] According to a report from the Thai Embassy in Cairo, capital of Egypt, the terrorist situation there has grown more intense with the activities of the al-Jama'ah al-Islamiyah [Islamic Group] Muslim terrorist movement which targets foreign businessmen and tourists. In this connection, the Thai Embassy in Cairo has issued a warning to Thai students in Egypt, numbering about 1,200, to be on special alert. It has also stepped up security measures at the embassy and the ambassador's residence. Any new developments will be reported by Radio Voice of Free Asia.

#### U.S. Envoy Cited on Thai Workers for Libya

BK1103104794 Bangkok *SIAM POST in Thai*  
11 Mar 94 p 23

[Text] In a 10 March statement, United States Ambassador to Thailand David Lambertson noted that there had been no new developments following the U.S. warning six months ago about three Thai companies supplying workers to work under the chemical weapons plant project in Rabta, Libya. He said that although the Thai Government tried to solve the problem and arrested the Thai businessmen for sending workers to Libya without official permits, there has been no change in the situation.

The three companies are: the SPC Suphachok, or SPC Supertrade; V and M Engineering; and an affiliated firm of Wintrade and Winman. The ambassador said the three will be barred from doing business with American companies.

Wirot Sakunmuthita, owner of the V and M Engineering Company, has denied the charges, but admitted designing and overseeing the construction of a "safety bunker" in a complex which the United States believes is the chemical weapons factory. Wirot said his arrest was

politically motivated and carried out under U.S. pressure. He said he has cancelled all contracts to build "safety bunkers" in Libya.

Following the arrest in October of Thai businesses sending workers to Libya, Libyan Leader Mu'ammar Al-Qadhdhafi threatened to expel Thai workers from his country. Although no concrete action was taken afterwards, hundreds of Thai workers left Libya for home. There are about 20,000 Thai workers left in Libya.

#### Proposed Gas Pipeline Said To Raise Concerns

BK1103040294 Bangkok *THE NATION in English*  
11 Mar 94 p A4

[“NATION report” by James Fahn]

[Text] The companies planning to build a pipeline to transport natural gas from an offshore field in Burma to Thailand have for the first time revealed the route the pipeline will take.

Human rights and environmental groups fear that its construction will lead to extensive deforestation and the displacement of villagers and refugees in order to secure the route.

Several refugee camps in the area have already been burnt down and their inhabitants ordered out, although no explanation was given by the Thai authorities.

North of the route, Mon rebel leaders are coming under increasing pressure to sign a ceasefire with the Burmese government. Mon troops are at present skirmishing with Burmese soldiers.

Assuming that the national oil companies of Burma and Thailand—the Myanmar [Burma] Oil & Gas Enterprise (MOGE) and the Petroleum Authority of Thailand (PTT)—can come to an agreement on the price Thailand will pay for the gas, the pipeline will come ashore between the towns of Ye and Tavoy in Burma and follow the Tavoy and Zinba river valleys up toward the border of Thailand.

It will then cross highlands of dense virgin forest to enter Thailand at Ban I-Tong (Nai Et Taung in Burma) in Kanchanaburi Province.

From Ban I-Tong, the pipeline will follow a road down to Thong Pha Phum and then head south to a new power plant to be built in Ratchaburi.

Total, a French state-owned oil company which has signed a production-sharing agreement with the Burmese government for the offshore field in the Gulf of Martaban, will be responsible for constructing the pipeline in Burma while PTT will build it on the Thai side.

The pipeline's chosen course was revealed in a letter dated Jan 12 from Joseph Daniel, Total's director of

communications, to Yvette Pierpaoli, a French refugee worker. A copy of the letter has been obtained by THE NATION.

The letter claims that by following the river valleys in Burma—where there are only “scattered shrubs”—and the existing road in Thailand, the pipeline’s environmental impact would be minimized. “Only the very last (two to three) kilometres in Burma... will require cutting some trees,” it says.

“No population displacement is required on the Total pipeline course which follows a region which as far as we have seen is perfectly quiet,” it adds. The letter claims that surveys along the course have been carried out by foot, car and helicopter since last April.

The route was confirmed by a PTT source who wished to remain anonymous. The source said a decision on the route was made several months ago. Talks between Burma, Thailand and Total were being held yesterday in Bangkok over the price of the gas.

The route is significant in that it helps to explain recent events at the border. On April 7, last year, the 9th Division of the Royal Thai Army reportedly burned down two villages—Aung Tha Pye and Democracy Village—just south of Ban I-Tong, displacing 500 people in all, most of them ethnic Tavoyar refugees.

At the time, the PTT denied knowing about the evictions and claimed the pipeline would follow the old “Death Railway” route from Amherst in Burma through Three Pagoda Pass, well north of Ban I-Tong.

More recently, Mon and Karen groups have come under increasing pressure to sign a ceasefire with the State Law and Order Restoration Council (Slorc) which rules Burma. Both Mon and Karen soldiers are active in the area where the pipeline will be laid.

Sources claim that Burmese troops from Kaleinaung approached the border on Feb 20 near Sangkhla Buri, roughly 30 kms north of Ban I-Tong and 10 kms south of Three Pagoda Pass. Over the last few weeks, the Mon National Liberation Army, which has its headquarters in the area, has reportedly fought intermittent battles with Slorc soldiers, who gained control of Three Pagoda Pass and Nai Et Taung several years ago.

At the same time, the 7,000 Mon refugees in the Loh Loe refugee camp near Sangkhla Buri have been ordered by Thai military authorities to move to Hlakhani—located on the border around five kms from the Slorc military camp at Three Pagoda Pass—by the end of this month.

Phisan Phalatsing, a leader of the Mon community in Thailand, fears that this will leave the refugees extremely vulnerable to attacks by Slorc.

“It’s quite clear that the Mon are being pressured to agree to a ceasefire so that the pipeline can be built,” he said at a protest held two weeks ago in front of the UN building in Bangkok.

A leaflet handed out by the Thai-Mon protesters stated that “Onshore and off-shore natural resources—such as timber, fish, oil and gas—left over by Mon forefathers in posterity are being sold at a pittance by the Slorc to benefit a small military clique. Mons, who are the real owners, have no voice whatsoever in the disposal of this inheritance.”

Meanwhile, within Burma, 20,000-30,000 villagers have been conscripted to build a railroad from Ye to Tavoy and to upgrade the road which runs between the two coastal towns. The railroad is considered important for Burma’s national development but will also make it easier for Slorc troops to secure the area where the pipeline will be laid.

Conditions at the worksites are reported to be appalling and have led many villagers to escape to Thailand, adding to numbers in refugee camps.

The PTT source contacted yesterday said Thailand had preferred a more southerly route for the pipeline but Burmese authorities consider the chosen route to be the best in terms of security. He admitted to being ignorant, however, of the measures being taken to secure the route.

“If the pipeline’s impact is too harmful, the project will have to be dropped,” he said. But he expressed hope that the money paid by Thailand for the gas would be spread among the Burmese people and used to develop the country.

“Funding of the pipeline will have to come from outside sources, so the Myanmar government will be under pressure to develop the pipeline in a proper way,” he said. Talks over financing have yet to take place, he added.

#### Aviation Pact With Cambodia Extended to Oct *BK1103032894 Bangkok THE NATION in English 11 Mar 94 p B2*

[Text] The Thai and Cambodian governments have agreed to maintain their existing aviation pact until October—giving another breathing space to the three partly Thai-owned airlines operating between the countries, before Cambodia’s national carrier takes off later this year.

The Thai government is trying hard to convince Cambodia to support the three airlines, including Kampuchea Airlines, Cambodia International Airlines, and SK Air in addition to Thai Airways International [THAI] and Bangkok Airways.

Cambodia however has already established a solid relationship with Singapore for its aviation future.

Aviation Department Director-General Sisuk Chantrangsue met Keo Saphal, the Director-General of Cambodia’s Aviation Department last month. Both agreed to extend the current aviation agreement with some changes. They plan to meet again after October.

The amended agreement calls for each country to be allowed to increase its weekly capacity from currently 1,800 to 2,000 seats. Thailand plans to give this additional quota to THAI and Bangkok Airways, while Cambodia will give it to Cambodia International Airlines, an industry source said.

Currently, Kampuchea and Cambodia International Airlines have seven flights a week while SK Airlines has four.

Thai businessmen are involved in ventures with all three of Cambodia's airlines, a result of the country's political instability. In November last year, the Cambodian government, together with Singapore Airlines (which holds 40 per cent) set up Royal Air Cambodge (RAC) as Cambodia's official national airline to replace Kampuchea.

The emergence of RAC will affect the three pioneering airlines. RAC was due to start flying by the middle of this year, linking Phnom Penh, Bangkok, Singapore and Hong Kong. Flights to Japan Taiwan and Vietnam will commence later. Initially the new airline will use 130-180 seat Boeing 737s.

The industry source said Thailand's Aviation Department had expected the February meeting to result in the cancellation of the flights of the other three airlines. This was not the case.

"At first they (officials at the Thai aviation agency) thought Cambodia would have RAC benefit from aviation rights. It is likely that RAC is still poised for (taking over these) operations after October; therefore they (the Cambodian government) prolonged the present agreement," the source said.

He added that Thai investors failed to satisfy the Cambodian government, having yet to begin improving the airports, as they had earlier promised to do.

Deputy Prime Minister Suphachai Phanitchaphak had helped negotiate with the Cambodian government for the three airlines' continued operation.

Singapore Airlines now has the potential to control aviation-related businesses in Cambodia in the future, including catering, cargo, ticketing and reservation systems, the source said.

Meanwhile, the source said, Thailand approved Vietnam's first-ever request for transit rights in Bangkok for France-bound flights, starting next season. Vietnam's move is expected to threaten THAI's operations on that route.

"We have yet to estimate the damage from Vietnam's approach to the market. Vietnam's economy is rapidly growing, but we are going to lose chances. THAI will be affected," the source said.

## Vietnam

### Dutch Minister on Asylum Seekers, Human Rights

BR1103132594 Rotterdam NRC HANDELSBLAD in Dutch 10 Mar 94 p 3

[Excerpt] Netherlands Foreign Minister Kooijmans has raised the question in Hanoi of the return of 375 refugees from the Netherlands who have been refused political asylum, but has yet to conclude an agreement with the Vietnamese Government.

The refugees came from the former Czechoslovakia where they were sent as guest workers, but were not granted residence permits in the Netherlands as The Hague does not believe they are in any danger if they return to their home country. The Netherlands Parliament has asked the government for watertight legal guarantees that the Vietnamese will not encounter problems on their return, but the Foreign Ministry reports that preparations for the signing of a treaty are taking longer in order to obtain these guarantees. The IOM [International Organization of Migration] is also seeking to achieve better arrangements with the Vietnamese Government because the return of the Vietnamese who have been in the Netherlands since 1991 could serve as a precedent. A further 10,000 refugees, mainly from Asia, must also return to their home country.

If any mistakes are made in returning the refugees on this occasion or if any uncertainties remain this could work against the return of all those who are to follow. This is why the IOM will only participate in the return and supervise the resettlement once all the arrangements have been completed and laid down in an agreement signed between the Netherlands and Vietnam.

Most importantly, the Netherlands is seeking clarification regarding the position of Vietnamese who do not want to return to Vietnam. The Justice Ministry has made 1 million guilders available for resettlement. During the meeting with his Vietnamese counterpart Nguyen Manh Cam, Kooijmans reminded Vietnam of its international obligations to accept returning nationals as a member of the United Nations. He urged the Vietnamese Government to come to a speedy agreement with the Netherlands.

Kooijmans also raised the issue of human rights and freedom of worship. The Netherlands Government considers that economic progress in Vietnam must be coupled with greater political freedoms and accelerated efforts to improve the position of a large part of the population which remains socially disadvantaged. A spokesman for Minister Kooijmans in Hanoi described yesterday afternoon's talks as difficult. In their talks with the Netherlands Government the Vietnamese denied that there were any problems of freedom of worship. They stressed that as members of a sovereign government they "indeed had the right to ensure that order was not disturbed," the spokesman reported.

Kooijmans has signed, however, an agreement on the protection of mutual investments. The Netherlands is the tenth largest investor in Vietnam, and the third European investor after France and the United Kingdom with total investments of 450 million guilders (Shell, Heineken, Organon, and investments by a number of commercial firms). Since last December the Netherlands once again had its own embassy in Hanoi, occupying two rooms in the Dan Chu Hotel. [passage omitted]

### **Returning Guest Workers Get German Aid**

*BK1103073894 Hanoi VNA in English 0610 GMT  
11 Mar 94*

[Text] Hanoi VNA March 11—About 6,000 guest workers returning from Germany have well resettled in Vietnam with assistance from various programmes funded by an agreement on loan and vocational training signed by the two governments.

Under these programmes, which worth DM [German marks] 10 million and 70 percent was contributed by the German side, 25 people have been trained to become trainers on economic management for 319 small entrepreneurs, and 28 classes on vocational training opened for 675 others.

On March 9, a delegation of the German Ministry for Economic Cooperation, which is on a current visit to Vietnam, met with many beneficiaries from the programmes to inquire into their circumstances in order to make the programmes more effective. The meeting was joined by the German ambassador to Vietnam.

The delegation also made known that the German Government would contribute DM six million more to these programmes.

### **UK's Heseltine on Resumption of Export 'Cover'**

*BK1103075294 Hanoi VNA in English 0607 GMT  
11 Mar 94*

[Text] Hanoi VNA March 11—The Export Credits Guarantee Department of the United Kingdom (ECGD) has resumed cover for Vietnam after a period of 12 years following Vietnam's agreement with the International Monetary Fund and the Paris Club at the end of last year, says a press release made available here by the British Embassy.

Speaking on the event, Mr. Michael Heseltine, president of ECGD Board of Trade [title as received], said: "I am delighted that ECGD is one of the first export credit agencies to restore medium and long term cover for Vietnam. ECGD has enormous potential and Vietnam is poised for major trade expansion and economic growth in which ECGD can play an important role".

The British ambassador to Vietnam, Mr. Peter Williams, said: "I am happy that this very necessary facility has been reintroduced. By insuring British exports, I see it as an excellent instrument to further increase the trade

links between Vietnam and the United Kingdom and thereby to further cement our ever-increasing relationship in all fields".

### **'Constructive' Mekong Committee Talks Sought**

*BK11030794 Bangkok THE NATION in English  
11 Mar 94 p A10*

[By Kunlachada Chaiphiphat in Hanoi]

[Text] Vietnam is prepared to reopen wide-ranging talks on the diversion of water from the Mekong River and its major tributaries if they are held in a constructive manner, one of Vietnam's chief negotiators on the Mekong Committee said on Monday. Vietnamese Prime Minister Vo Van Kiet is expected to discuss his country's stand during his meeting with Prime Minister Chuan Likphai when the Thai leader visits Hanoi from March 16 to 19, said Hoang Trong Quang, permanent secretary of the Vietnam National Mekong Committee in an interview with THE NATION.

Hoang Trong Quang, who stressed he was speaking in a private capacity, said if Thailand does not agree to Hanoi's requirements there will be no agreement at all. "In that case, Vietnam is prepared to leave the committee," he said. "We need the committee but it must fulfill its function. If it has no right to make any decision (it is a) committee for what," he said. Quang said he wanted the Mekong Committee, which comprises Thailand, Vietnam, Laos and Cambodia, to have a ruling say in any project that may have negative repercussions on other riverine states.

The current round of talks on a framework for the committee, which have dragged on for two years, appeared close to a conclusion in December after a year marked by squabbling between Thailand and Vietnam. But negotiations broke down again in January because of differences between the two countries. Vietnam reportedly refused to endorse previously agreed points in the 42-Article framework accord on the sustainable use of water resources at a meeting of the technical drafting working group in Vientiane.

Quang said the earlier negotiations had yet to settle the contentious question of diversion of water from, the mainstream and tributaries during the dry season, and two points in the four-point Article Five dealing with the reasonable and equitable utilization of water.

The National Mekong Committee's chief said Vietnam has accepted these clauses but wanted the issue of dry season diversions to be agreed upon by all the riparian states. The Vietnamese chief delegate said the Thai delegation did not agree to this at the Vientiane round of talks. "Vietnam has no intention to place any preconditions but we do not want any use of the waters causing harm to the other riparian states," he said.

The secretary said Vietnam had not raised objections to water projects in Thailand, in particular the Kok-Ing-Nan project which will draw water from the Kok River, a tributary of the Mekong, and channel it via an underground canal to the Chao Phraya River. Quang said Vietnam only brought up the project during the Vientiane meeting for comment. "So far we have no official information about that project," he said.

He said his country has legitimate concerns over the impact of such projects on the lower reaches of the four-million-hectare Mekong Delta, which is in danger of drying up unless controls are implemented over the quantity of water in the mainstream river.

In contrast to the earlier rounds of negotiation, Quang said Vietnam has adopted a more flexible stand in regard to the diversion clause. "It means that the upstream cannot change the flow regime along the river," he said.

In a separate interview at the Bangkok-based Mekong Secretariat, officials said the current mandate of the drafting working group has expired and Vietnam must call for a renewed mandate from the United Nations Development Programme which is the main financier of the Mekong Committee's projects.

Under an agreement reached by the committee in Hanoi last February, the drafting working group was given until last October to conclude the drafting process.

"Thailand has given considerable concessions with regards to national sovereignty. They agreed to notify the committee before using water from the tributaries during the wet season and to prior consultations during the dry season, according to one official who asked not to be named.

#### **HCMC Urges Trade Rules Reform To Boost Exports**

*BK1003081394 Hong Kong AFP in English 0547 GMT 10 Mar 94*

[Text] HANOI, March 10 (AFP)—Ho Chi Minh City [HCMC] authorities are urging reforms of trade regulations to boost exports, weed out unscrupulous firms and gain a bigger market share in the countries of the former Soviet Union, a report said Thursday.

The city's directorate of commerce has presented proposals to the government in Hanoi to issue separate licences for imports and exports rather than the current combined licences so as to encourage exports and cut back on the amount of imported goods, the LAO DONG newspaper reported.

Vietnam's cumbersome trade licensing procedures have come under attack from foreign businesses here, who would like to see the thicket of bureaucracy thinned out, but officials have maintained what a Western consultant here called "an informal quota system." Authorities in the southern city also called for low-interest loans for such businesses as rice production to bolster vital export

sectors, the labour newspaper said. The measures would help the city meet its target of boosting exports by 29 percent this year to 760 million US dollars while keeping the rise in imports down to five percent, the newspaper said.

HCMC is trying to eradicate a 271-million-dollar trade deficit that built up last year, when it failed to meet a target of a 10-percent rise in exports, it said. City officials are urging an increase in the minimum capital of a trading company from 200,000 dollars to one million dollars to eliminate "adventurous" or vulnerable companies, the report said.

Other proposals currently being considered by the Ministry of Commerce include a further clampdown on smuggling from Cambodia and China and efforts to boost counter-trade with the Commonwealth of Independent States (CIS). Tax breaks should be given to companies trading the nations of the former Soviet Union "in order to win a large market with which trade has been shrinking." Before its breakup in 1991, the Soviet Union was Vietnam's largest trading partner and aid donor but in 1993 Russia fell to 11th place on the list of investors here while trade with the CIS has slumped because of a shortage of hard currency in the countries.

#### **Vo Van Kiet, Others Attend Expressway Opening**

*BK1103090094 Hanoi Vietnam Television Network in Vietnamese 1215 GMT 10 Mar 94*

[Summary] Dear Friends: Today marked yet another great day for the communications and transport sector as the Thang Long-Noi Bai Expressway officially opened to traffic. It is Vietnam's first six-lane, 14.56-km expressway. The expressway's construction cost was 16 billion dong per kilometer. "Attending the inauguration ceremony were Prime Minister Vo Van Kiet, Deputy Prime Minister Tran Duc Luong, Hanoi party committee Secretary Pham The Duyet, Communications and Transport Minister Bui Danh Luu, and many other leading cadres of ministries and sectors at the central level and in Hanoi."

The expressway was built according to international standards and is of the highest-ever quality in Vietnam.

At the ceremony, Comrade Le Ngoc Hoan, deputy communications and transport minister, delivered a speech in which he said:

[Begin Le Ngoc Hoan recording] "The construction of the Thang Long-Noi Bai Expressway was completed thanks to the great efforts of all the concerned agencies. The success of this project was indeed possible due to the state's close guidance, effective coordination between construction units, and cooperation between the people of Hanoi and Vinh Phu Province. The expressway will bring about great economic benefits because it cuts almost 10 km from the trip to the center of Hanoi. It will also help to beautify the gateway to the capital city to welcome foreign visitors; facilitate the development of

the industrial-tourism-business complex in northern Hanoi, being built to mark the 40th anniversary of Hanoi's liberation; and facilitate economic development in the northern region.

Once again, I would like to express our gratitude to the party and state leaders, the agencies concerned, the local people, and the workers for their creativity and hard work in successfully building this new project for the socialist Vietnamese fatherland. It will contribute to fulfilling our esteemed and beloved Uncle Ho's aspiration of making Vietnam a more beautiful and prosperous nation." [end recording]

### **Convicted Officials Begin Serving Jail Sentences**

*BK10903090894 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 9 Mar 94*

[Text] On 4 March, the Detention Camp Management Department under the Ministry of Interior served Decision No. 126/P/26/P2, Ministry of Interior, on the four individuals who have been sentenced to jail terms according to prison sentence Order No. 030405/PHE dated 23 February 1994. Under the decision, which was signed by Colonel Nguyen Van Thien, deputy director of the Detention Camp Management Department under the Ministry of Interior, the four are to be taken to the Thanh Xuan Detention Camp, Ministry of Interior, to serve their time as of 0900 today, 9 March. They include Vu Ngoc Hai, Pham Dao Khanh, Dinh Ngoc Dat, and Nguyen Trong Sang. The four will have to serve their time according to the prison terms imposed by the People's Supreme Court.

As for the other defendants who received jail sentences, they have completed their prison terms which began on the dates they were detained for investigation.

### **Public Security Force Holds Party Conference**

*BK1003142294 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 10 Mar 94*

[Text] The midterm party conference of the central public security service party organization opened in Hanoi this morning. Comrade Le Duc Anh, member of the Political Bureau and president of the state, attended the conference and expressed his views to the participants. On behalf of the central public security service party committee, Comrade Bui Thien Ngo delivered a report pointing out past achievements. He emphatically said: To satisfactorily fulfill its new tasks, the public security force must make sustained efforts to serve the goals of national defense and construction as well as of socioeconomic development. It is essential to firmly ensure political stability and internal security, thereby foiling the enemy's peaceful evolution scheme.

In the days ahead, the central public security service party organization must continue to revamp its structures and improve the quality of its unit-building work.

Speaking on this occasion, Comrade Le Duc Anh commended the public security force for its achievements in carrying out the party-initiated renovation undertaking. He emphatically said: To outstandingly fulfill its new tasks, the public security force must work out measures to guarantee internal unity and promote solidarity with other sectors, particularly the Army. Efforts must be made to improve everyone's knowledge and modernize equipment. Adequate measures must be taken to turn the public security force into a modern and regular Army-type organization. Steps must be taken to look after the well-being of cadres and combatants. Prompt measures must be taken to overcome all indications of negativism. It is necessary to make every effort to guarantee the purity of the public security force.

### **Nghe An Province Holds Midterm Party Conference**

*BK1003141694 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 10 Mar 94*

[Text] The Nghe An Province party organization, 13th term of office, held its midterm party conference in Vinh city on the morning of 10 March. Senior Lieutenant General Le Kha Phieu, member of the Political Bureau and secretary of the Communist Party of Vietnam [CPV] Central Committee attended. Evaluating the results of the two-year implementation of objectives and tasks set forth by the 13th province party organization congress, Comrade Nguyen Ba, member of the CPV Central Committee and secretary of the province party committee, said:

Over the past two years, the socioeconomic situation in Nghe An has developed fairly comprehensively. The province's overall growth rate was relatively higher than in preceding years with an average agricultural growth rate of 6.15 percent. The province has basically been able to tackle its food grain issue. Its gross industrial output value in 1993 increased by 9.4 percent over 1992. Trade, support services, and foreign economic activities have undergone several changes for the better. The province's cultural, educational, public health, and sports activities as well as efforts to solve unemployment and to implement various social policies have showed great improvement. Livelihoods have become less difficult and are becoming stable. The face of various cities, towns, and rural areas has undergone rapid changes for the better.

However, as a poor province, Nghe An's economic growth rate is still regarded as slow and much lower than the national average. In the years ahead, Nghe An must strive to improve its economic structure in the direction of gradually industrializing and modernizing various local economic sectors to achieve a rapid increase in the volume of marketable products. It must vigorously develop its trade and support service activities to considerably increase their share of the gross social product. It must develop education and public health, carry out the motto of eradicating hunger and reducing poverty,

encourage the people to enrich themselves legally, and stabilize and improve the people's lives.

The conference directed that the following targets be achieved by the province during the period ahead:

- agricultural output value must achieve an average annual increase of 6.2 percent in a bid to yield 820,000 to 850,000 tons of food grain.
- gross industrial output value must achieve an average annual increase of 14 percent.
- gross social product value must achieve an average annual increase of 7 percent.
- national revenue must achieve an average annual increase of 8 percent.

Addressing the conference, Comrade Le Kha Phieu urged Nghe An to ascertain the strengths and advantages of each economic area in order to come up with effective investment measures to help achieve national socioeconomic development and to avoid being left behind compared with other localities nationwide.

#### **Directive Issued on Fighting 'Social Evils'**

*BK1003070594 Hanoi Vietnam Television Network in Vietnamese 1215 GMT 9 Mar 94*

[Text] On 1 March, the party Central Committee Secretariat [PCCS] issued a directive on fighting social evil.

The directive says: The effective preventing and fighting of social evils—first of all prostitution and drug addiction—is currently an urgent task that our party and government must resolutely carry out with clear success

in 1994. The decisive factors in successfully preventing and fighting social evils are the acceleration of socioeconomic development, the launching of public movements, the increasing management of state organs, and the expansion of the active role of mass organizations under the leadership of party committees and party organs throughout the country.

The PCCS requests:

1. All party echelons and organs from the central down to the grassroots level must consider the work of preventing and fighting social evils—first of all prostitution, drug addiction, and AIDS—a very important task for 1994.
2. Party echelons and organs must work with local governments and state organs to outline and execute plans and programs to prevent and fight social evils in their localities.
3. First of all, a widespread public campaign must be launched to accelerate propaganda and education on a large scale to create strong public support for condemning and eliminating social evils.
4. Grassroots party committees must incorporate the duty of preventing and fighting social evils, waste, corruption, and smuggling into their regular work. Party organs must conduct regular checks on the work and lifestyles of party members in the family and society. Party members with unhealthy lifestyles must be quickly educated and prevented from any wrongdoing. If they commit social offenses, they must be dealt with strictly according to party discipline and state law. Party members who are addicted to drugs or involved with prostitution or debauchery must be expelled from the party.

The PCCS asks provincial, city, and central organ party committees to execute this directive urgently.

